

Sustainability Measurement Framework for Development Aid NGOs - An integrated
Approach for Development Aid NGOs to plan, evaluate and increase the Impact
of Projects and the Sustainability of the Organization.

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Simon Pfister

from

Wil (St. Gallen) and Freienstein-Teufen (Zürich)

Approved on the application of

Prof. Dr. Peter Leibfried

and

Prof. Dr. Dirk Schäfer

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Abbreviations

a.m.	ante meridiem (before noon)
ADB	Asian Development Bank
AIDS	Acquired immunodeficiency syndrome
AIMES	Annual Impact Monitoring and Evaluation System
AusAID	Australian Agency for International Development
BCI	Business Competitiveness Index
BFAC	Bangladesh Rural Advancement Committee
bn	Billion
BOD	Biochemical oxygen demand
C	Communicate (second sustainability task of the SMF)
CBD	Convention on Biodiversity
CFC	Chlorofluorocarbon
CGSDI	Consultative Group on Sustainable Development Indices
CHF	Swiss francs (currency of Switzerland)
CIMA	Chartered Institute of Management Accounting
CO ₂	Carbon dioxide
CPA	Country programmable aid
CRM	Customer relationship management
CSD	(United Nations) Commission for Sustainable Development
CSR	Corporate social responsibility
CTW	Constructed treatment wetlands
Cty	Country/countries
DAC	OECD Development Assistance Committee
DFID	United Kingdom Department for International Development
DJI	Dow Jones Industrial Average Index
DZI	Deutsches Zentralinstitut für soziale Fragen
e.g.	exempli gratia (for example)
EEA	European Environment Agency
EFQM	European Foundation for Quality Management
et al.	et alia (and others)
ETB	Ethiopian Birr, currency of Ethiopia
etc.	et cetera
EU	European Union
EUR	Euro
F	Fundraising (fourth sustainability level of the SMF)

FER	Fachempfehlungen zur Rechnungslegung (German: expert advice on accounting), used as Swiss GAAP FER
FTE	Full-time equivalent
G-8	Group of Eight (major industrialized democracies: Canada, France, Germany, Italy, Japan, Russia, United Kingdom, and United States)
GAAP	Generally accepted accounting principles
GCI	Growth Competitiveness Index
GDP	Gross domestic product
GEO	Global Environmental Outlook
GHG	Greenhouse gas
GINI	Gini coefficient
GIZ	Gesellschaft für Internationale Zusammenarbeit (formerly GTZ)
GPI	Genuine Progress Indicator
GRI	Global Reporting Initiative
GRO	Grassroots organization
GTZ	Gesellschaft für Technische Zusammenarbeit (former name of GIZ)
H&M	H&M HENNES & MAURITZ AB
HIV	Human immunodeficiency virus
HRO	High reliability organizations
ICD	Information, Communication and Documentation
ICT	Information and Communication Technology
i.e.	id est (that is)
IFRS	International Financial Reporting Standards
IICA	Inter-American Institute for Cooperation on Agriculture
ILO	UN International Labor Organization
IMF	International Monetary Fund
INGO	International non-governmental organization
Init.	Initialization
INTRAC	International NGO Training and Research Centre
IQ	Intelligence quotient
IQR	Interquartile range
ISEW	Index of Sustainable Economic Welfare
ISO	International Organization for Standardization
IT	Information technology
IUCN	International Union for Conservation of Nature
Jg.	Jahrgang (German: volume)
L	Learn (third sustainability task of the SMF)

LDCs	Least developed countries
LFA	Logical Framework Approach
LPI	Living Planet Index
Ltd.	Limited
m	Million
M	Measure (first sustainability task of the SMF)
MBO	Membership-based organizations
MDG	Millennium Development Goal
Meas.	Measurement
MIT	Massachusetts Institute of Technology
MTN	Mobile Telephone Networks, Uganda
n	The total number of elements or observations in statistical analyses
NEPAD	The New Partnership for Africa's Development
NGO	Non-governmental organization
NPO	Non-profit organization
Nr.	Number (German)
No.	Number
O	Organization (third sustainability level of the SMF)
ODA	Official development assistance
OECD	Organization for Economic Co-operation and Development
OMB	Office of Management and Budget
OTC	Over the counter
p.	Page
P.I.	Project Initialization (first sustainability level of the SMF)
P.M.	post meridiem (after noon)
P.R.	Project Results (second sustainability level of the SMF)
PART	Program Assessment Rating Tool
Perf.	Performance
PEST	Political, Economic, Social, Technological
Ph.D.	Philosophiae Doctor (Doctor of Philosophy)
PIMS	Profit impact of market strategy
plc.	Private limited company
PMC	Project Management Cycle
PME	Planning, monitoring and evaluation
pp.	Pages
PPBS	Planning-Programming-Budgeting System
PPI	Policy Performance Index

PPMS	Project Performance Management System
PPP	Public private partnership
PQASSO	Practical Quality Assurance System for Small Organizations
Proj.	Project
QSSI	Qualitative System Sustainability Index
ROOTS	Resourcing Organisations with Opportunities for Transformation and Sharing
SD	Sustainable development
SGMM	St. Gallen Management Model
SME	Small and mid-sized enterprises
SMF	Sustainability Measurement Framework
SMS	Short Message Service
SQL	Structure Query Language
SRF	Strategic Results Framework
SWOT	Strengths-Weaknesses-Opportunities-Threats
TCP/IP	Transmission control protocol/internet protocol
TIS	Trade industry and services
ToC	Theory of Change
U.S.	United States (United States of America)
UK	United Kingdom
UN	United Nations
UNCSD	United Nations Commission for Sustainable Development
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
US	United States (United States of America)
USA	United States of America
USAID	United States Agency for International Development
USD	United States dollar
vs.	Versus
WFP	World Food Programme
WHO	World Health Organization
WRI	World Resources Institute
WTO	World Trade Organization
WWF	World Wildlife Fund

Management Summary

Development aid NGOs face severe pressure in terms of proving their cause and being accountable for impact of their activities. An increasing number of stakeholders require NGOs to assess their results and to achieve such results in a sustainable way, i.e. address environmental, social, and economic challenges without compromising how future generations may fulfill their needs. At the same time, the results of 50 years of development aid are mixed and best practices are still hardly agreed upon. Therefore development aid NGOs need to find approaches to plan, evaluate, and increase the impact of their projects and the sustainability of their organization and address these new challenges.

While professionalism of NGO management has come long ways, integrated performance measurement to systematically assess projects, capacities, and fundraising success, and subsequent communication of findings to stakeholders as well as implementation of learning cycles for continuous improvement are largely absent. The Sustainability Measurement Framework allows addressing such integrated performance measurement. The framework serves development aid NGOs as guideline to define, review, and adjust Measure, Communicate and Learn at Project Initialization, Project Result, Organizational and Fundraising level. The structure of the framework results from theoretical considerations regarding organizational and managerial aspects of development aid NGOs, namely from development aid, sustainability, project management, and performance measurement theory. A survey of NGOs from Germany, Switzerland, the UK, and the US not only confirms the findings of the theoretical analyses, but also the general structure of the Sustainability Measurement Framework. Additional cluster analyses further suggest that the Sustainability Measurement Framework allows development aid NGOs to address sustainability and impact more successfully than looking at best practices of peer groups.

An initial implementation shows that the Sustainability Measurement Framework is flexible and broad enough to host approaches and tools for specific organizational objectives, for tailored priorities regarding sustainable development, for a variety of project approaches, as well as to accommodate requirements of different stakeholders. But for the framework to unfold its full potential, the implementation approach must mirror the priorities as well as the available resources of the development aid NGO. Despite the promising initial application of the Sustainability Measurement Framework, the analyses suggest several areas for further research. Two crucial ones being the importance of trust for development aid NGOs including building and maintaining trust towards all stakeholders, and transparency regarding implementation approaches, current barriers, and hesitation.

Zusammenfassung (German)

NGOs der Entwicklungszusammenarbeit stehen zunehmend unter Druck, ihre Wirksamkeit zu beweisen und Verantwortung für die Auswirkungen ihrer Aktivitäten zu übernehmen. Eine wachsende Anzahl Anspruchsgruppen erwartet von den NGOs eine Beurteilung der Erfolge, und dass diese Erfolge nachhaltig sind, also ökologische, soziale und ökonomische Ansprüchen gerecht werden, ohne die Möglichkeiten der Bedürfnisbefriedigung zukünftiger Generationen zu beschränken. Die Resultate von 50 Jahren Entwicklungshilfe sind jedoch gemischt und breit akzeptierte Best Practices fehlen weitgehend. So müssen NGOs Ansätze finden, um die Wirksamkeit ihrer Projekte und deren Nachhaltigkeit bezüglich dieser neuen Voraussetzungen zu planen, zu messen und umzusetzen.

Während die Professionalisierung von NGOs grosse Fortschritte macht, hinkt die integrierte Leistungsmessung zur Beurteilung von Projekten, Kapazitäten und Fundraising, auf deren Basis die Anspruchsgruppen informiert werden und aus denen umfassende Lehren mit dem Ziel einer konstanten Verbesserung gezogen werden, noch hinterher. Das Sustainability Measurement Framework erlaubt eine solche integrierte Leistungsmessung. Es dient NGOs als Orientierungshilfe für die Definition, Überprüfung und Verbesserung von Messung, Kommunikation und Lerneffekten bezüglich Projektvorbereitung, Projektergebnisse, Organisation und Fundraising. Die Struktur des Frameworks resultiert aus den theoretischen Überlegungen zu organisatorischen und führungsbezogenen Aspekte von NGOs bezüglich Entwicklungszusammenarbeit, Nachhaltigkeit, Projektmanagement und Leistungsmessung. Eine Umfrage bei NGOs in Deutschland, der Schweiz, in Grossbritannien und den USA hat nicht nur die Resultate aus den theoretischen Analysen bestätigt, sondern auch die Struktur des Sustainability Measurement Framework.

Ein erster Praxistransfer zeigt, dass das Sustainability Measurement Framework flexibel und umfassend gestaltet werden kann, und es somit geeignet ist eine breite Palette von Ansätzen und Instrumenten zur Verfolgung spezifischer Organisationsziele abzudecken. Gleiches gilt auch für massgeschneiderte Prioritätensetzung im Bezug auf nachhaltige Entwicklung, unterschiedliche Projektansätze und Anforderungen verschiedener Anspruchsgruppen. Damit jedoch das volle Potenzial des Frameworks entfaltet werden kann, muss die Einführung die Prioritäten und die vorhandenen Ressourcen der NGO widerspiegeln. Auch wenn die anfängliche Umsetzung des Sustainability Measurement Framework vielversprechend ist, so deuten die Analysen auf weiteren Forschungsbedarf hin. Zwei der offenen Fragen betreffen erstens Vertrauen, insbesondere Bildung und Aufrechterhalten von Vertrauen gegenüber allen Anspruchsgruppen, und zweitens Transparenz bezüglich Umsetzungsansätzen, aktuellen Bedenken und möglichen Hindernissen.

1 Introduction

1.1 Development aid: quo vadis?

Instead of going to school, 10-year-old Amaretech gets up at 3 a.m. to collect firewood in the hills around Addis Ababa¹. She carries it several miles down to the city and sells it for a few Birr². William Easterly describes the pre-teen Ethiopian girl Amaretech, one of the firewood carrying women, who can be seen every day, each one stooping considerably under their load, their ages ranging between nine and fifty-nine, carrying the wood to the main market of Addis Ababa. Oftentimes this slavery-like work is their only option to feed their families³. The destiny of Amaretech not only serves Easterly as the starting example⁴ and finishing question of his book (“And could one of you Searchers⁵ discover a way to put a firewood-laden Ethiopian preteen girl named Amaretech in school?”⁶), he even dedicates the entire book to her⁷. According to Easterly, Amaretech is one of many examples showing how development aid has not been able to better the situation of many poor people, and he concludes that a new development aid paradigm is required, one with radically new approaches such as development vouchers, a ‘crazy marketing mechanism’⁸ that allows beneficiaries to redeem the vouchers they receive at NGOs or aid agencies for any development good. With such development vouchers, agencies compete for customers, and beneficiaries get a voice to provide feedback on the services that they receive from different agencies⁹.

¹ Addis Ababa is the capital city of Ethiopia.

² Birr (ETB = Ethiopian Birr) is the currency of Ethiopia.

³ Easterly W. 2006, p. 1

⁴ Easterly W. 2006, p. 1

⁵ Easterly calls the advocates of the traditional development aid approach “planners”, their approach is characterized by central planning of development interventions and believing that an externally invoked “big push” is able to end world poverty (“big push” is a concept invented by Paul Rosenstein-Rodan in the 1940s, aiming to move the Third World closer to the first, and it became a new field of economics called “development economics”, which studies the development of poor countries, Easterly W. 2006, p. 25). Easterly says that in contrast to planners, searchers look for new opportunities, they make these opportunities work on a small scale, and then roll these successes out to a broader scale (Easterly W. 2006, p. 5). Easterly suggests that the mentality of searchers and how they act in markets (e.g. searchers have managed to establish solutions so that any healthy rich child may get a copy of Harry Potter while planners fail to supply twelve-cent medicines to needy children) shall serve as a guide towards a constructive approach to foreign aid. In foreign aid, planners announce good intentions but do not motivate anyone to carry them out, searchers find things that work and get some reward. Planners raise expectations but take no responsibility for meeting them, searchers accept responsibility for their actions. Planners determine what to supply, searchers find out what is in demand. Planners apply global blueprints, searchers adapt to local conditions. Planners at the top lack knowledge of the bottom, searchers find out what the reality is at the bottom. Planners never hear whether what they planned is actually what is needed, searchers find out if the customer is satisfied (Easterly W. 2006, pp. 5f).

⁶ Easterly W. 2006, p. 384

⁷ Easterly W. 2006, p. 1

⁸ Easterly W. 2006, p. 378

⁹ Easterly W. 2006, pp. 378f

Easterly is not alone with his criticism of international development aid and foreign aid institutions. Other examples include Bartholomäus Grill with his article “Wofür das Ganze?” (What is it all good for?), dated January 11, 2007, published in the German newspaper ‘Die Zeit’¹⁰, or Chinua Akukwe writing about unresolved questions in an article dated June 25, 2002¹¹. The critics are not limited to authors from western, developed countries. Dambisa Moyo¹² is one of the African authors who heavily criticizes development aid¹³. According to Moyo, development aid has led Africa to being worse off today than it was fifty years ago¹⁴. She even concludes that today’s development aid is “deadly”¹⁵, that aid supports corruption¹⁶, and that despite the massive aid intervention, Africa has seen more wars in the 1990’s than all the rest of the world together¹⁷. As an alternative way forward she looks at Europe (Marshall Plan), India and Asia, where development aid was successful. In addition to clear and pre-set boundaries of aid initiatives regarding time and substance, she suggests that development aid should be accompanied by measures such as the WTO treaty¹⁸, that government financing must be strengthened (e.g. by issuing bonds), and that private sector markets must be developed¹⁹. Other authors such as Stephanie Nolen look at a more narrow issue of aid – Nolen focuses on HIV/AIDS in Africa – and describe how the international community has failed to approach these issues timely and adequately²⁰.

¹⁰ Grill B. 2007. Grill summarizes that all development theories focus on industrial growth while neglecting agriculture, and all of them they fail in practice. Examples of current programs that have again failed to learn from previous failures include: the G-8 initiative, the Commission for Africa (invented by UK’s former Prime Minister Tony Blair), the plan of the European Union, the Millennium Development Goal (in September 2000, building upon a decade of major UN conferences and summits, world leaders adopt the UN Millennium Declaration, committing their nations to a global partnership for achieving the following targets by 2015, which have become known as the eight Millennium Development Goals: end poverty and hunger, universal education, gender equality, child health, maternal health, combat HIV/AIDS, environmental sustainability, and global partnership, UN MDG 2009), as well as different activities by private Foundations backed with billions of Dollars (Grill B. 2007).

¹¹ Akukwe Ch. 2002. With African leaders now mobilizing around NEPAD (New Partnership for Africa’s Development, a vision and strategic framework for Africa’s renewal, designed to address the current challenges facing the African continent and spearheaded by African leaders, see NEPAD 2009), the stage is set for a serious dialogue regarding the best way forward in development aid. To meet the Millennium Development Goals in Africa, the leaders of donor nations and Africa must ask tough questions and confront each other on the quest for the best answers (Akukwe Ch. 2002).

¹² Dambisa Moyo, born and raised in Zambia, is an economist who studied in Harvard and Oxford and holds a Ph.D. degree. Her book “Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa” reached best selling status in the New York Times newspaper within only weeks after its publication (Gasser C. 2009, p. 50).

¹³ Gasser C. 2009, p. 50

¹⁴ 50 years ago only 10% of the population lived below the poverty line, today this figure is at 70%; over the last thirty years the annual economic growth was at -0.2% (Gasser C. 2009, p. 48).

¹⁵ While in some African countries per capita income was higher than in China thirty years ago, Asia has surpassed Africa today (Gasser C. 2009, p. 50).

¹⁶ According to a World Bank study, 85% of aid is not used for the designated reason (Gasser C. 2009, p. 50).

¹⁷ Gasser C. 2009, p. 50

¹⁸ Today, Africa loses USD 500 bn every year because of trade embargos and subsidies in rich countries, which prevent Africa from entering the global markets, e.g. the EU subsidizes its cows with USD 2.50 per day per cow (Gasser C. 2009, p. 50).

¹⁹ Gasser C. 2009, p. 51

²⁰ Nolen concludes that AIDS in Africa is a genocide that happens because of neglect (Nolen S. 2008, p. 11). She describes how prostitutes have not been included in AIDS programs because their profession is illegal (Nolen S.

Instead of extending the list of aid critics²¹, it is important to recognize that numerous other examples do show development aid successes. These examples include Easterly's case of a water aid project in Ethiopia²², as well as, according to the respective completion reports, almost all projects run by ODA institutions²³. Other authors not only see some examples as successful, but claim development aid in general to be successful. Examples include Jeffrey Sachs who concludes that foreign aid and development is successful and on track to see the end of poverty within a few generations²⁴. To prove his development approach, Sachs, through the Columbia University's Earth Institute, founded the Millennium Village Project in collaboration with the United Nations Development Programme and the Millennium Promise²⁵ which engages in projects aiming to achieve the Millennium Development Goals (MDG)²⁶. Even though the project has been designed to accommodate some of the development aid criticism (e.g. limited duration of 5 years only), it still follows traditional development aid approaches²⁷ and correspondingly attracts critics (e.g. Magatte Wade in a newspaper article dated June 19, 2009, titled 'Jeffrey Sachs' Misguided Foreign Aid Efforts'²⁸). Other examples of supporters for the traditional development aid approach include African leaders such as Festus Mogae, economist from Oxford, former President of

2008, p. 84), how AIDS has been neglected in the upper class community as it has been perceived to be a problem of the poor only (Nolen S. 2008, p. 106), how infected people conceal AIDS because they fear repression (Nolen S. 2008, p. 119), how the church preaches AIDS to be God's punishment for the sinners (Nolen S. 2008, p. 121), and how the economy benefits from cheap workers, such as migrant workers in the mines of South Africa, which are typically not granted access to any health education or healing services (Nolen S. 2008, p. 158). Nolen further provides some examples showing what AIDS may result in, including: the 13 year old girl Tengethile in Swaziland who is looking after her four and six year old siblings (Nolen S. 2008, pp. 39f), or one-third of the children of Zambia being orphans, often living with their grandparents which thus take on the role of young adults as the population is shrinking (Nolen S. 2008, p. 91).

²¹ Other examples are included in *Finn Tarp's* and *Peter Hjertholm's* book *Foreign Aid and Development: Lessons Learned and Directions for the Future*, published in 2000; in the book *Aid: Understanding International Development Cooperation* published in 2003 by *John Degenbol-Martinussen* and *Paul Engberg-Pedersen*; *Fredrik Erixon* in his book *Aid and Development: Will it Work this Time?*, published in 2005; in the book *Overcoming Stagnation in Aid-Dependent Countries*, published in 2005 by *Nicolas van der Walle*; as well as in several newspaper articles such as an article in the British *Sunday Telegraph* dated June 5, 2005 stating that aid can do harm as well as good and the balance is on the side of harm.

²² Easterly W. 2006, p. 237

²³ For almost all Official Development Aid (ODA) projects, projects completion reports are compiled, and they conclude 70% to 85% of the projects successful, i.e. achieving the short-term objectives (Riddell R. 2007, p. 180). This finding is based on a detailed analysis of completion reports from DFID, USAID, AusAID, UNDP, African Development Bank, Asian Development Bank as well as the World Bank (Riddell R. 2007, pp. 181f).

²⁴ *Jeffrey Sachs* in his book *The End of Poverty: economic possibilities for our time* published in 2005 (see also: <http://www.earth.columbia.edu/pages/endofpoverty/index> [accessed May 2, 2009]).

²⁵ Millennium Promise is a US-based nonprofit organization aiming to support the achievement of the MDGs. It focuses on the following two areas: firstly to work with impoverished communities, national and local governments as well as partner organizations to implement high-impact programs aimed at transforming lives. Secondly, it engages in lobbying with donor nations, corporations, and the general public (<http://www.millenniumpromise.org/site/PageServer?pagename=about> [accessed June 22, 2009]).

²⁶ See <http://www.millenniumvillages.org/about/index.htm> [accessed June 22, 2009]

²⁷ See http://www.millenniumvillages.org/aboutmv/mv_3.htm [accessed June 22, 2009]

²⁸ See http://www.huffingtonpost.com/magatte-wade/does-jeffrey-sachs-believ_b_217785.html [accessed June 22, 2009]

Botswana, and winner of the Mo-Ibrahim-Prize (the highest endowed prize worldwide)²⁹. Mogae concludes that there are cultural reasons that limit Africa's development, and that development aid has played an important and significant role in certain regards, especially in Botswana where development aid helped people to become self-sufficient, to establish a democratic system and governmental agencies, as well as to build private sector markets and to foster international trade³⁰.

While Easterly, opposing traditional development aid, and Sachs, supporting it, are examples of the two very extreme positions at each end of critics of development aid, Roger Riddell takes a position in the middle³¹. He points out that if history is the guide, enthusiasm for the steady expansion of aid in the 21st century (aid provided by rich countries topping the USD 100 bn mark for the first time ever in 2005 and having nearly doubled since 2001³²), as well as the current aid initiatives, such as the G-8 campaign "Make Poverty History" launched in June 2005³³ and the MDG launched in September 2000³⁴, evaporates³⁵. On the one hand, he raises the question whether aid does really reach the ones in need, or if it simply encourages corruption. He also asks why receiving countries should take current promises seriously when most donors did not deliver on their pledges a few decades ago³⁶? On the other hand, and despite such criticism of traditional development aid, Riddell sees two reasons why simple conclusions fall short. First, most additional aid provided in 2005 (USD 100 bn) compared to 2004 (USD 80 bn) was absorbed by debt relief, emergency aid and other special-purpose grants, leaving development aid at the same level as it was in 2004³⁷. The low development results despite increased funding can therefore not be judged as a failure of development aid, rather it is due to how the additional aid funds were used³⁸.

²⁹ Munger Ch. 2009

³⁰ Munger Ch. 2009

³¹ *Robert Cassen* in his book *Does Aid Work?: Report to an Intergovernmental Task Force*, published in 1986: different successes as well as failures are assessed at project, country as well as global level, and for different sectors. The assessments indicate that aid has both helped and harmed the poor, however it is not stated which outcome was dominant (Riddell R. 2007, p. 179).

³² Riddell R. 2007, p. 2

³³ See <http://www.makepovertyhistory.org/whatwewant/index.shtml> [accessed June 22, 2009]

³⁴ UN MDG 2009

³⁵ Riddell R. 2007, p. 3

³⁶ Riddell R. 2007, p. 3

³⁷ Homi Kharas calculates that out of the USD 100 bn official foreign aid disbursed by rich countries in 2005, over USD 60 bn was used for debt relief, technical cooperation, emergency or humanitarian relief, and food aid. Of the remaining USD 40 bn directed at actual development aid projects, perhaps half reached its intended beneficiaries, the rest being spent on administrative costs, as side payments to politicians or local elites in recipient countries, or as routine bribes to bureaucrats. "In other words, only USD 20 bn actually reached the poor. Of that a mere USD 5-6 bn was allocated for the poorest continent, Africa" (Kharas H. 2008, p. 58).

³⁸ Martin Dahinden, Director of the Swiss Federal Office of Agriculture, supports this argument: in his introduction speech at the Dialogue on Agriculture and Food Security seminar in Bern, Switzerland, dated October 15, 2009, he mentioned that despite the importance of agriculture for the development of Third World countries (80% of the poor directly depend on agriculture), agricultural development aid fell by 58% between 1980 and 2005, while Official Development Aid rose significantly during the same period.

In addition, while development aid has historically been of minor interest to governments, nowadays, world leaders increasingly focus on development, poverty, and aid issues since poverty and underdevelopment are believed to contribute significantly to terrorism, conflicts and global instability. With the increased attention of leaders, it seems adequate to expect better results in the future³⁹. Although he takes this middle position, Riddell believes that the two opposing sides will continue to exist: “compared with fifteen years ago, the aid industry is awash with books, studies and reports, but ironically, the outpouring of new evaluation reports has not led to any new consensus about the overall impact of aid: aid’s supporters and critics, and different groups of researchers, still claim as trenchantly as they ever did, that the evidence supports their respective views that aid works, or that it doesn’t”⁴⁰.

I personally believe that despite some success in debt relief, emergency aid and humanitarian aid, the record of traditional development aid is mixed. Therefore, I support the opinion of Easterly that development agents need to be open minded toward new approaches for development aid. Looking for such new approaches, Easterly concludes that while there is no big answer to fix foreign aid, there are six basic principles that agents may follow to successfully search for what works in development aid and for what is really helping the poor⁴¹. These six principles are:

1. “Have aid agents individually accountable for individual, feasible areas for action that help poor people lift themselves up.
2. Let those agents search for what works, based on past experience in their area.
3. Experiment, based on the results of the search.
4. Evaluate, based on feedback from the intended beneficiaries and scientific testing.
5. Reward success and penalize failure. Get more money to interventions that are working, and take money away from interventions that are not working. Each aid agent should explore and specialize further in the direction of what they prove good at doing.
6. Make sure incentives in (5) are strong enough to do more of what works, then repeat step (4). If action fails, make sure incentives in (5) are strong enough to send the agent back to step (1). If the agent keeps failing, get a new one.”

But what do these principles mean for a development aid organization? How can a NGO implement these six principles? And once they are implemented, how does the NGO,

³⁹ Riddell R. 2007, pp. 3f

⁴⁰ Riddell R. 2007, pp. 4f

⁴¹ Easterly W. 2006, p. 382, akin to William Duggan, *The Art of What Works: How Success Really Happens*.

pressured by extreme conditions of local realities⁴², by “excessive conditionality” and “onerous reporting requirements for donors”⁴³, by a growing number of involved stakeholders with competing demands⁴⁴, and by increasing costs to attract volunteers and donors⁴⁵, measure whether its development aid projects deliver better results? And while organizations start addressing these questions, they may be confronted with an ever growing number of questions, partly resulting from new development initiatives and respective learning. One example of such a new initiative is the California Consensus⁴⁶ which, according to Raj Desai and Homi Kharas, raises the following four questions regarding traditional development aid and NGOs:

- Do NGOs serve the right beneficiaries or do they cluster favorite recipients (i.e. they end up serving the less needy)⁴⁷?
- Are NGOs less vulnerable to corruption than traditional aid agencies⁴⁸?
- How do NGOs address accountability standards and transparency⁴⁹?
- What is the large scale impact of NGOs⁵⁰?

⁴² Renz P. 2007, p. 4

⁴³ Alnoor E. 2003, p. 814

⁴⁴ Alnoor E. 2003, p. 814

⁴⁵ Curbach J. 2003, p. 37

⁴⁶ The “California Consensus” is a new form of global philanthropy that, according to Raj Desai and Homi Kharas, has emerged in the early 21st century, exemplified by the establishment of the Global Philanthropy Forum in 2001 (<http://www.philanthropyforum.org>). The forum is closely tied to the US information technology sector, with many of the forum’s members deriving their wealth from high-tech and IT ventures, and their initiatives largely reflecting their experiences regarding how to start a company and how to secure capital, customers and markets (Desai R./Kharas H. 2008, p. 157). Therefore, the approaches applied by California Consensus organizations, also called venture philanthropy, philanthrocapitalism or social entrepreneurship, emphasize the scalability of innovative, small-scale project, i.e. to quickly expand the number of beneficiaries, they are characterized by an open, flexible architecture in which donors are typically heavily involved in beneficiary projects, and they blur the line between nonprofit and for-profit approaches as the philanthropists seek to invest in income-generating activities. Desai/Kharas describe that “this California Consensus holds an abiding faith in the capacity of innovation, technology and modern management methods to solve problems of extreme poverty” (Desai R./Kharas H. 2008, p. 158).

⁴⁷ Such clustering allows the NGOs to take advantage of networks of other NGOs and aid workers, i.e. they make similar allocation decisions as official donors and consequently they are able to spread the blame for failure among many partners (Desai R./Kharas H. 2008, p. 162).

⁴⁸ While the NGOs may be less vulnerable to corruption, caution is still necessary as the history of charitable giving is replete with scandals involving misappropriation of funds and thefts. Being closely involved with managing official aid projects, the NGOs may be susceptible to the same sort of pressures that traditional implementing agencies face, and it may find itself at odds with governments in recipient countries as their access to those in need may be denied, i.e. by warlords (Desai R./Kharas H. 2008, pp. 162f).

⁴⁹ Accountability with respect to private aid raises additional difficulties, mainly because of very mixed international regulation leading to the conclusion that NGOs are generally less transparent than businesses or governments. And while there is a broad acceptance regarding the idea of accountability, there is little consensus on how to accomplish this goal (e.g.: Should donors or recipients judge success? Should achievements be measured by the individual NGO or by watchdog organizations? Should short-term improvements or harder to assess long-term investments be measured? Desai R./Kharas H. 2008, pp. 163f).

⁵⁰ NGOs may be too small and fragmented to make a real difference on a large scale. Contrariwise, private aid can exacerbate the growing fragmentation and volatility (volatility in year-to-year aid disbursements translates into large swings in a recipient’s domestic expenditures, especially for recurring spending, which is difficult to adjust) that characterize the international aid architecture (Desai R./Kharas H. 2008, p. 164).

In essence, the new principles of development as set out by Easterly or the California Consensus confront development aid organizations with the questions of how they measure performance regarding sustainable success and how they continuously meet their objectives. And these are the two questions that this thesis sets out to answer: how can development aid organizations measure sustainability and success, and how can they ensure to continuously reach their objectives under increasingly challenging conditions?

1.2 Objective of the Thesis and Research Questions

The objective of this thesis is to develop a measurement approach that allows development aid NGOs to manage their sustainability, i.e. the success, reliability, continuity, durability, inconvertibility, long-lastingness, steadiness, resistance, persistence, and effectiveness of their resources regarding their development aid efforts in a way as described by Easterly's principles: foster searching for what works, experimenting (and thus allowing for failure and learning), embed feedback, communicate results transparently and therewith hold people and projects individually accountable for results, realign funds to activities that have proved to be working, multiply what works, and continue searching for how to change the lives of people in need (see paragraph 1.1). While these principles point primarily to single initiatives, the to be developed management approach, called Sustainability Measurement Framework, must also support the broader organizational level management tasks of development aid NGOs, it should specifically make sure that independently successful interventions and projects are converted into comprehensive results at organization level and translate such success into ongoing fundraising success and therewith secure funds for future projects. The Sustainability Measurement Framework shall serve as a practical compass, helping development aid organizations to decide, implement, measure, assess, and continuously improve their practices. It shall further allow these NGOs to measure their activities at different levels (single projects up to overall organization), to review the success in relation to the organization's objectives, as well as to ride learning curves and feedback loops. And with project results reaching new levels, these successes may serve to increase communication with donors as well as with other stakeholders, which supports future funding and therewith is a prerequisite for continuing the project work in the future.

The Sustainability Measurement Framework is neither meant to replace other measurement and management tools, such as project management, financial accounting, or management accounting, nor is it meant to be yet another management tool that competes with existing tools and initiatives for board level attention and management time. Rather, the framework shall serve as a conceptual frame to host different approaches and allow for maximum

synergies between the different approaches, tools, methods, processes and structures that an NGO already uses. The Sustainability Measurement Framework strives to tap into the existing project management, financial accounting and management accounting processes and structures where they offer the greatest leverage for planning, measuring and increasing the overall sustainability of the development aid projects and the NGO as a whole.

The objective of this thesis, to develop a framework for development aid NGOs so that they can continuously manage and increase their sustainability, translates into the following research hypothesis: a structured performance measurement framework allows development aid NGOs to outperform peer organizations regarding sustainability. In order to answer this research hypothesis, this thesis combines the analysis of the relevant theory, a survey of development aid NGOs to capture the views of practitioners as well as interviews which reflect concrete development aid situations. The research questions accompanying these steps are:

1. What does management theory for development aid NGOs suggest as relevant sustainability dimension for development aid NGOs?
2. How may the sustainability dimensions and the management considerations of development aid NGOs be combined into a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?
3. Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner's point of view?
4. Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?
5. What considerations may be relevant for the implementation of a sustainability-related performance measurement framework which allows development aid NGOs to constantly assess, review, and increase sustainability?

The answers to these five questions jointly address the research hypothesis and answer, whether or not a structured sustainability oriented performance measurement framework does allow development aid NGOs to outperform peer organizations regarding sustainability. The next chapter describes how the thesis is structured to compile the necessary theoretical foundations and feedback from practitioners in order to answer the research questions and therewith achieve the objective of this thesis.

1.3 Structure of the Thesis

After the introduction of the research questions in the previous paragraphs, the following paragraphs present the structure to answer these questions. Figure 1 shows an overview of how the thesis combines theoretical considerations – mainly through literature review – with the practitioner’s views reflected in a survey, and then concludes with implementation approaches based on an expert interview.

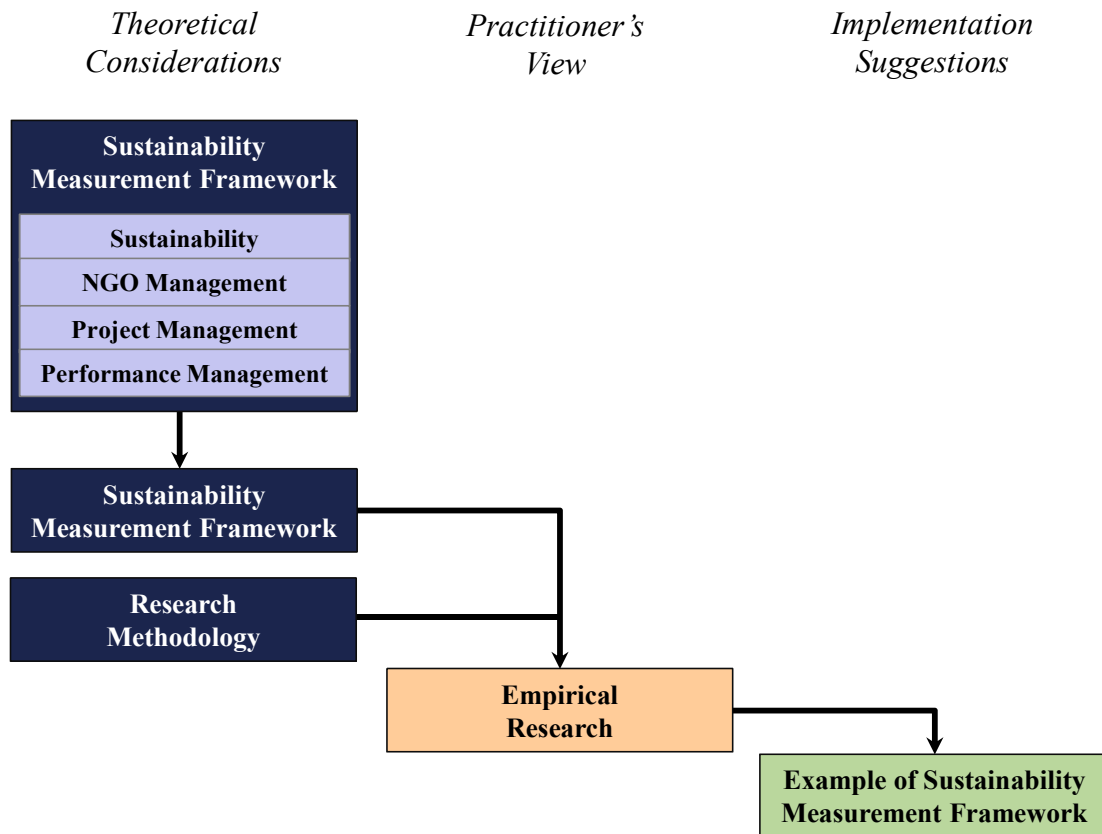


Figure 1: Structure of the Thesis (own Illustration)

Following this introduction chapter, the second chapter discusses the theoretical foundations of development aid organizations, namely considerations regarding sustainability, management of development aid NGOs, management of development aid projects, as well as performance management considerations for development aid NGOs. The importance of sustainability is rooted in the fact that the objective of nonprofit organizations (NPOs), of which NGOs are a subset, is to change human lives and that such changes need to be addressed sustainably by focusing on multiple dimensions simultaneously (see chapter 2.2.2). Chapter two therewith answers the first research question: what does management theory for development aid NGOs suggest as relevant sustainability dimension?

Chapter three combines the findings of chapter two regarding sustainability and managerial dimensions that are relevant for development aid NGOs, and it compiles them into the Sustainability Measurement Framework⁵¹. The different levels and tasks of the framework are introduced, including the respective application for a deep well project. Chapter three therewith addresses the second research question: how may the sustainability dimensions and the management considerations of development aid NGOs be combined in a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?

Chapter four turns to the empirical research. It first provides the theoretical details of the research methodology and the survey setting. It then turns to the practitioner's view on managerial aspects of development aid NGOs, their project work, performance measurement requirements, as well as the Sustainability Measurement Framework, by presenting the results of the survey. These survey findings answer the third and fourth research questions: do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner's point of view? And do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?

Chapter five discusses the implementation of the Sustainability Measurement Framework for Foundation Green Ethiopia, a development aid NGO focusing on afforestation in Ethiopia. This chapter combines the findings of the theoretical considerations of the Sustainability Measurement Framework with the results of a practitioner's view through an expert interview with a board member of Foundation Green Ethiopia. Therewith, chapter five answers the last of the research questions: what considerations may be relevant for the implementation of a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?

The final chapter, chapter six, concludes the thesis by summarizing the findings and discussing possible further research.

⁵¹ The Sustainability Measurement Framework consists of the following four sustainability levels: Project Initialization, Project Result, Organization, and Fundraising. For each of these four levels, the framework discusses the following three sustainability tasks: Measure, Communicate, and Learn.

2 Development Aid Organizations

In order to answer the research questions as defined in paragraph 1.2, chapter two provides general information, definitions, and concepts of sustainability, development aid and development aid organizations, including project management considerations and performance management approaches. These definitions and concepts set the frame within which the Sustainability Measurement Framework will be operational and ultimately be tested against for success. The chapter is structured into the following five sections: the first section on sustainability discusses the definitions, dimensions and concepts of sustainability and sustainable development. It also introduces the Dashboard of Sustainability and the Qualitative System Sustainability Index as two examples of sustainability measurement approaches. The final paragraph summarizes critics and recent evolvments in the field of sustainability. The second section turns to managerial aspects of development aid NGOs. First, relevant definitions regarding aid, development aid and development aid organizations are discussed. The subsequent paragraphs then analyze external as well as internal challenges of development aid NGOs, i.e. organizations that are primarily active in development aid. Section three and four complete this background on development aid NGOs regarding project management and performance management respectively. Section three discusses project managements for development aid NGOs and analyzes how to effectively structure and manage the tasks necessary to bring change to people's lives (which is an important element of the NGO definition, see paragraph 2.2.2) and gives insights into projects, project phases and success factors. The last paragraphs of section three summarize the findings regarding project management and conclude, by comparing project management approaches with managerial and sustainability-related requirements of development aid NGOs, the elements that offer the most leverage to increase sustainability of projects. Section four analyzes performance management considerations for development aid NGOs and it looks at different approaches that literature suggests for NPOs and NGOs. These analyses result in findings regarding requirements of NGOs for performance management. The final paragraphs complement these findings with a discussion on decision processes, as taking decisions upon the performance results is the ultimate reason for organizations to conduct performance management. The performance discussions, complemented with the decision-making considerations lead to the sustainability tasks that development aid NGOs must excel in. Section five finally summarizes and concludes the theoretical considerations regarding development aid NGOs.

2.1 Sustainability

In this thesis sustainability is the reference against which the success of development aid NGOs will be tested and assessed through a framework that allows planning, evaluating, and increasing the impact of projects and the sustainability of the organization. Therefore, the definition of sustainability, and more specifically the implementation of the concept of sustainability at a specific development aid NGO, might significantly influence how organizations plan, evaluate and manage projects as well as the overall organization.

Sustainability is currently one of the most popular (in quantity) words and it has become embedded in our everyday language⁵². Sustainability, in general terms, is the ability to maintain balance of a certain process or state in any system. It is now most frequently used in connection with biological and human systems⁵³. Since the 1980s, the idea of sustainability has become increasingly associated with the integration of environmental, social and economic spheres⁵⁴, and in the early twenty-first century sustainability has become the dominate political discourse, penetrating numerous sectors of society, including academic disciplines, political parties, government agencies, local authorities and community organizations⁵⁵. Nevertheless, sustainability as a term proliferates a “range of contexts, from when we visit the supermarket (sustainable food from sustainable agriculture), when we go to work (companies having a sustainability officer), or when we go on holiday (sustainable tourism)”⁵⁶. Steward Barr concludes that even sustainable development is already a huge success, the proliferation of the term neither provides an assurance that everyone is clear about its definition, nor does it imply that changes in people’s attitudes and behaviors are achieved⁵⁷.

The following paragraphs provide an introduction to the term ‘sustainability’, discuss approaches to definitions for sustainability and sustainable development, and present two models of sustainability measurement. The paragraphs conclude with summarizing the key criticism and looking at recent evolvments. These paragraphs on sustainability will provide the foundation for what will become the ultimate objective of the Sustainability Measurement Framework: ensure that the framework is able to increase the overall impact of development aid projects and ultimately of the NGO itself.

⁵² Barr S. 2008, p. 30

⁵³ Wikipedia Sustainability

⁵⁴ Wikipedia Sustainability

⁵⁵ Barr S. 2008, p. 21

⁵⁶ Barr S. 2008, p. 30

⁵⁷ Barr S. 2008, p. 30

2.1.1 Definitions

The following paragraphs not only discuss approaches to definition for sustainability, but also for sustainable development. The reason why sustainable development will be discussed is that sustainability only defines a certain situation or status that is perfect in regard to the criteria that the sustainability definition sets out. As today's situation might not be perfect yet, organizations and initiatives are confronted with the question how to bridge and close this gap of the current realities to the sustainable status, i.e. which path to take to achieve the ultimate sustainable status. And this bridging is what the term sustainable development describes.

2.1.1.1 Sustainability

The origins of the most widely used sustainability definition traces its roots back to the 'UN report on Environment and Development' published in 1987. This report, prepared by the Brundtland commission, named after the commission's Chairman, Ms. Gro Harlem Brundtland, defines sustainability as: "meeting the needs of the present without compromising the ability of future generations to meet their own needs"⁵⁸. This definition, especially by how it is used in the Brundtland report, contains the following two concepts⁵⁹:

- The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given.
- The idea of limitations imposed by technology and social organizations on the environment's ability to meet present and future needs.

Even though the definition is widely used, it does face significant criticism. William Adam for example, while acknowledging that the definition clearly captures environmental degradation and alleviation of poverty as the two fundamental and contradicting issues that economic growth is typically accompanied with⁶⁰, calls the Brundtland definition "vague"⁶¹, "neat but inexact", and the concept "holistic, attractive, elastic but imprecise"⁶².

Different authors, including Adam and Stewart Barr, build on the Brundtland definition and suggest a graphical visualization of the concept as three overlapping rings representing economic growth, environmental protection and social progress. In this model, each ring represents one of the three dimensions of sustainability (environment, society, and

⁵⁸ Brundtland G.H. 1987, p. 43

⁵⁹ Brundtland G.H. 1987, p. 43

⁶⁰ Adam W. 2006, p. 2

⁶¹ Adam W. 2006, p. 2

⁶² Adam W. 2006, p. 3

economy). The model is called the ‘ring model’⁶³ (see figure 2). The three overlapping rings demonstrate the need for a better integration of the three dimensions, including actions to restore the balance between them⁶⁴. Other authors suggest slightly different visualizations of these three pillars, such as a three-legged stool (the stool being sustainable development and the three dimensions being the legs), as a never ending triangle, or as concentric rings (also called ‘nested sustainability model’ or ‘egg model’) with economy in the center, surrounded by society, which then is surrounded by environment (see figure 3)⁶⁵. According to Barr, the ‘nested sustainability’ model says that each outer ring has a two-way interaction with the inner ring: the outer ring imposes limitations to the inner ring, and it absorbs the outcome of the inner ring⁶⁶. Sometimes, the three pillar model is extended with a fourth pillar: ‘institutions’. But more often, institutions are seen as providing the underlying enabling framework for action and change, which is why institutions are not part of the model⁶⁷. The three rings model does not only indicate dependencies between the three dimensions, it also suggests that balancing the dimensions, i.e. achieving sustainability, is delicate. The three rings model does not address the fundamental limitations of the Brundtland definition, but it offers a helpful visualization for sustainability-related discussions.

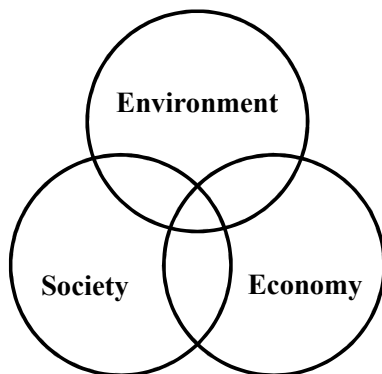


Figure 2: Three Rings Model of Sustainability (Barr 2008)⁶⁸

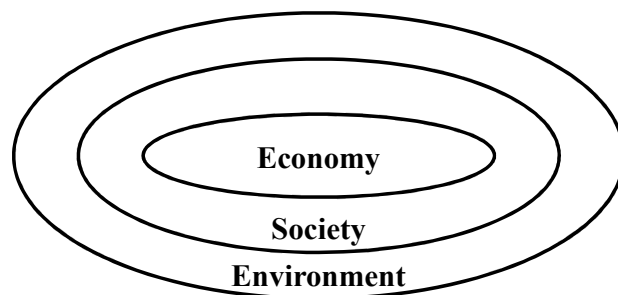


Figure 3: Nested Model of Sustainability (Barr 2008)⁶⁹

A second sustainability definition that enjoys broad acceptance describes sustainability as the “capacity of any system or process to maintain itself indefinitely”⁷⁰. According to Bedřich Moldan and Arthur Dahl, this definition highlights the system and process character

⁶³ Barr S. 2008, p. 41, sometimes it is also called ‘three pillar model’ (Adam W. 2006, p. 2)

⁶⁴ Adam W. 2006. p. 2

⁶⁵ Stanners D. et al. 2007 (A), pp. 152ff

⁶⁶ Barr S. 2008, p. 42

⁶⁷ Moldan B./Dahl A. 2007, p. 2

⁶⁸ Barr S. 2008, p. 41

⁶⁹ Barr S. 2008, p. 43

⁷⁰ Moldan B./Dahl A. 2007, p. 2

of sustainability issues. Similarly to the Brundtland definition, it includes a future perspective. While the Brundtland definition does not point to trade-offs, the visualization with the three rings model implicitly suggests that certain aspects address more than one sustainability dimension while others only address one (i.e. trade-offs might exist). Due to its system perspective, the capacity-oriented definition explicitly requires dealing with trade-offs⁷¹. However, the definition lacks the aspect of not compromising the future, and it does not explicitly balance environment, society and economy.

The combination of the Brundtland definition with the three rings model and the system based definition of Moldan/Dahl results in the definition of sustainability for this thesis: *sustainability is the capacity of any system or process to meet the needs of the present without compromising the ability of future generations to meet their own needs*. The three rings concept shall be used as an approach to assess possible compromises for future generations regarding environmental, social, and economic aspects.

After having defined what the components of a sustainable status may be, the following paragraphs turn to ‘sustainable development’, i.e. how to reach a sustainable status starting from the current situation.

2.1.1.2 Sustainable Development

Moldan/Dahl define sustainable development as “development of a human, social and economic system able to maintain itself indefinitely in harmony with the biophysical systems of the planet”⁷². This definition builds on the three rings model (see paragraph 2.1.1.1) and it mirrors the challenges that sustainable development faces according to Jacqueline McGlade: increasing levels of consumerism and the inexorable drive to improve the living conditions of people in the developing world leading to society being pushed up against a wide range of environmental limits⁷³. Moldan/Dahl implicitly expect sustainable development to invoke significant social change by concluding that sustainable development is perhaps the most challenging policy concept ever developed. Its core objective is a kind of ethical imperative: the opportunity for everybody everywhere and at any time to live a dignified life in his or her respective society⁷⁴.

⁷¹ Moldan B./Dahl A. 2007, p. 4

⁷² Moldan B./Dahl A. 2007, p. 2

⁷³ McGlade J. 2007, p. xvii

⁷⁴ Moldan B./Dahl A. 2007, p. 2

Looking at current situations in developing countries (see paragraph 2.2.4.1), it seems unreasonable to expect the first results to already reach a result anywhere near such an ethical imperative. Therefore, a too ambitious definition of sustainable development may lead to no development or no sustainability orientation at all. To prevent such failure in the context of development aid NGOs, the definition of sustainable development used in this thesis is: *sustainable development is the development of systems and processes towards humanitarian, social and economic integration and aims to enable them to ultimately maintain themselves indefinitely in harmony with the biophysical systems of their context, without compromising the ability of future generations to meet their own needs*. This definition integrates the key elements of sustainability, it focuses on continuous improvement rather than finding an ultimate final state, and it requires openness, flexibility and adaptation to future sustainability definitions and priorities.

After having defined the terms ‘sustainability’ and ‘sustainable development’, I now look at the measurement of sustainable development. Besides discussing general aspects, I introduce two measurement approaches as examples of display-oriented and process-oriented approaches respectively.

2.1.2 Measuring Sustainable Development

According to Moldan/Dahl, the aim of measuring sustainability is to improve the basis for sound decision making, integrating many complex issues of sustainability while at the same time providing simple signals a busy decision maker can understand. Therefore, Moldan/Dahl suggest to use indicators⁷⁵ or indexes, i.e. combinations for indicators, as they condense and digest information for rapid assimilation while making it still possible to explore issues in further details if needed. These characteristics of indicators are critical at a time when modern information technology increases the flow of information but not necessarily the human’s ability to absorb it⁷⁶.

Because decision makers face trade-offs when dealing with subjects of sustainable development, there is, according to Moldan/Dahl, no ideal sustainability indicator. The goal is therefore to make indicators transparent, identify the ones being suitable for measurement purposes, and to avoid major constraints in the application of the selected indicators⁷⁷. For selecting an appropriate measurement model and before applying this model to a specific

⁷⁵ Indicators are symbolic representations (e.g. numbers, symbols, graphics, colors) designed to communicate a property or trend in a complex system or entity (Moldan B./Dahl A. 2007, p. 1).

⁷⁶ Moldan B./Dahl A. 2007, p. 1

⁷⁷ Moldan B./Dahl A. 2007, p. 2

situation of sustainable development, Modal/Dahl suggest to critically review the model, even if it seems to generally qualify for the purpose of the situation. Such a review includes specifying the characteristics of the situation, which can be very distinct and subjective, maybe even political or philosophical, and cultural differences which may prevent a broad consensus of the relevant characteristics. As the indicators should measure these specified characteristics to ensure the system's continuity and functionality far into the future, the model or the indicators may have to be adapted to the specific situation. Modal/Dahl also see more efforts being necessary to develop more alternative models that reflect the diversity and complexity of human systems and cultures⁷⁸.

So far, many sets of indicators have been assembled to measure sustainable development, but none has been widely adopted⁷⁹. Appendix I lists a broad range of sustainability indicators suggested in literature. Besides grouping the indicators into the intended applications, e.g. at international level or at country level, the Global Reporting Initiative (GRI) is discussed in more detail as this is currently the only set of indicators that comes with principles and guidelines of how to compile a unique set of general and specific indicators (see appendix I). Since discussing each of the indicators in detail is beyond the scope of this thesis, only two indicators will be described in further details. The two indicators are the Dashboard of Sustainability and the Qualitative System Sustainability Index (QSSI). They represent two extreme types of indicators: the Dashboard of Sustainability offers a distinct way of how to (graphically) present a set of indicators (with indicators being pre-defined, e.g. by research of a UN body such as the MDGs). In contrast, the QSSI is an approach that allows to discuss a project regarding its sustainability, find the dimensions and factors that impact sustainability (including understanding the dynamics of the project by analyzing the counter-influences and dependencies), and finally design the project for maximum sustainability. Therefore, the two indicators are complementing approaches: the QSSI allows designing and running a project in the most sustainable way, and the Dashboard of Sustainability serves to measure and present a set of indicators. The following paragraphs introduce and discuss these two sustainability measurement models in more detail.

2.1.2.1 Dashboard of Sustainability

The first example of sustainability development measurement models is the Dashboard of Sustainability. While single indexes such as Gross Domestic Production (GDP) or Dow

⁷⁸ Moldan B./Dahl A. 2007, p. 3

⁷⁹ Moldan B./Dahl A. 2007, p. 1

Jones Industrial Average (DJI)⁸⁰ send a strong and clear message to the audience (given that the audience believes that the index represents the issue in question well enough), only few of these single indexes have the ambition to give a comprehensive coverage of the broader context. One sustainable development measurement model that does so is the Dashboard for Sustainability, which was developed by an organization called Consultative Group on Sustainable Development Indices (CGSDI)⁸¹. The Dashboard of Sustainability is a tool to present a set of indicators in a simple pie chart format (see figure 4, showing the Policy Performance Index, PPI).

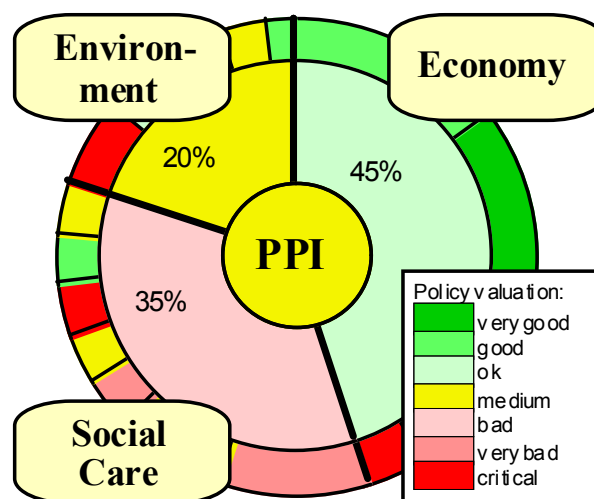


Figure 4: Dashboard of Sustainability for the Polity Performance Index (Jesinghaus 2007)⁸²

To build the dashboard, first a set of indicators has to be designed (represented in the outer circle). The indicators have to be chosen and designed in a way so that they can be aggregated into segments (e.g. environment, social and economy), which are shown in the middle circle. The segments again must allow for aggregation into the top index represented in the center. The dashboard is based on the following three principles⁸³:

1. The size of each pie reflects the relative importance of the issue described by the indicator or the sustainability dimensions as the sum of respective indicators (e.g. economy has a weight of 45%).
2. A color code signals performance or valuation: seven colors apply, ranging from dark green (very good) to dark red (critical).

⁸⁰ The Dow Jones Industrial Average is an index calculated using daily data from 30 stocks traded at the New York Stock Exchange. The DJI provides a clear, straightforward view of the stock market and, by extension, the U.S. economy (<http://www.djaverages.com/?view=industrial&page=overview> [accessed August 14, 2010]).

⁸¹ Jesinghaus J. 2007, pp. 84f

⁸² Jesinghaus J. 2007, p. 85, the picture is taken from the software manual Version 2.3 (the manual is distributed with the software which can be downloaded from <http://esl.jrc.it/envind/dashbrds.htm> [accessed May 9, 2009]).

⁸³ Jesinghaus J. 2007, pp. 85f

3. Each inner circle summarizes the information of the indicators represented in the respective outer circles. Therefore, the middle and center circles represent different aggregation levels from the individual indicator represented in the very outer circle.

The Dashboard of Sustainability can be applied flexibly to different issues or situations. At the 2002 Johannesburg World Summit on Sustainable Development, the CGSDI presented the Dashboard to assess the Agenda 21 program⁸⁴ over ten years (since the 1992 Rio Summit) as well as to compare Least Developed Countries (LDCs) with the rest of the world. Using the Dashboard for the Agenda 21 indicator set, four sustainability dimensions were used (environmental, social, economic, and institutional) with a total of 61 indicators (19, 20, 14, and 8 indicators for the respective dimensions)⁸⁵. For each dimension, a chart shows the status of the respective indicators, which allows more detailed analysis of individual indicators⁸⁶. A second example of application assesses the MDGs for which the data of the last 10 years is available on CGSDI's website⁸⁷.

If the sustainability indicators which are chosen to represent a specific development situation match the structure of the Dashboard, i.e. if they aggregate into segments and into an ultimate top index, and can be ranked by 'very good' and 'critical', the Dashboard allows to communicate the current ranking of the indicators at an individual level as well as at an aggregated level. The Dashboard further allows for comparisons of developments over time, e.g. pre-, during- and post-project, as well as comparisons across different projects. Also, the tool is flexible enough to be adjusted, e.g. if an extensive number of individual indicators has to be assessed, instead of showing each individual indicator in the outer circle, they may be grouped by ranking which then shows what percentage of the dimension's indicators is ranked how.

Besides these advantages, Jesinghaus mentions two shortcomings of the Dashboard of Sustainability. First, for effective use of the Dashboard, users must agree in advance on the indicators to be used, hence, another model might be necessary to decide on the indicators. And second, the Dashboard does not support assessing different planning options and maximizing project results at design stage⁸⁸. Instead, it allows measuring a set of values,

⁸⁴ Agenda 21 is a comprehensive plan of action related to sustainable development. The Agenda 21 was adopted by more than 178 Governments at the UN Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, June 1992 (<http://www.un.org/esa/sustdev/documents/agenda21/> [accessed May 9, 2009]).

⁸⁵ For a list of all indicators see appendix II.

⁸⁶ Jesinghaus J. 2007, pp. 86ff

⁸⁷ The software and sample data is available through the website of the European Commission's Joint Research Centre: <http://esl.jrc.it/envind/dashbrds.htm> [accessed May 9, 2009].

⁸⁸ Jesinghaus J. 2007, pp. 87ff

statuses or observations, and analyzing deviations against another such set of values (e.g. across time or across projects). These shortcomings are addressed by other models of sustainable development measurement, which may be used in combination with the Dashboard of Sustainability. The following paragraphs introduce and discuss such a model: the Qualitative System Sustainability Index.

2.1.2.2 Qualitative System Sustainability Index

While the Dashboard for Sustainability allows the evaluation of sustainability measures at different aggregation levels, the Qualitative System Sustainability Index (QSSI) allows quantifying sustainability considerations. The index was developed by Jesper Grosskurth and Jan Rotmans. They experienced that audiences confronted with sustainable development issues may understand current states and trends of fragmented parts of the situation, but they have problems to then map those parts in an overall system with the core elements of stocks and flows⁸⁹. To evaluate the sustainability of a system, thus the “ability [of the system] to sustain itself in the long run in a desired state or on a desired trajectory”⁹⁰, sustainability measurement must, according to Grosskurth/Rotmans, follow the following four requirements⁹¹:

1. Take into account time, scale and domain of the subject in question
2. Not only represent changes that are relevant in the long term, but also the developments within the system and the trade-offs
3. Cover the environmental, social and economic aspects of sustainability
4. Use indicators that truly measure the functional system processes that best represent the system’s capacity to continue far into the future, that reflect the whole and not just parts, and that highlight problems rather than symptoms.

The QSSI combines the observation that audiences have difficulties to map overall systems, the four requirements for sustainable development measurement, and aims to integrate quantitative and qualitative information⁹². The model lists all stocks of the system and then maps all relevant flows between the stock with 1 or -1, indicating positive or negative relations between the stocks (the example described by Grosskurth/Rotmans is a Dutch river basin management project with 10 stocks and 26 flows). The model encompasses a matrix (see figure 5), which is read from left to right: each box stands for a potential flow from the

⁸⁹ Stocks are elements of a system that change slowly, e.g. lifestyle or economic vitality, and can be expressed by the four dimensions quantity, quality, function, and space. Flows are relationships between as well as changes in stocks (Grosskurth J./Rotmans J. 2007, p. 178).

⁹⁰ Grosskurth J./Rotmans J. 2007, p. 177

⁹¹ Grosskurth J./Rotmans J. 2007, p. 177

⁹² Grosskurth J./Rotmans J. 2007, pp. 178f

stock in the line (originating stock, cause) toward the stock in the column (receiving stock, effect). E.g. the flow of 1 in the first line and third column: if there is a high risk of flood, more dams are being built; or the flow of -1 in the third line and first column: if more dams exist, the risk of flood decreases⁹³.

		Effect									
		Flood risk	Costs	Dams	Retention capacity	Space for water	Space for land	Agriculture	Buildings	Potential damage	Nature
Cause	Flood risk			1						1	
	Costs										
	Dams	-1	1			-1	1				-1
	Retention capacity	-1									
	Space for water				1						1
	Space for land							1	1		
	Agriculture		-1		-1					1	-1
	Buildings		-1		-1					1	-1
	Potential damage		1								
	Nature				1			-1			

Figure 5: QSSI conceptual Model for a River Basin Management System (Grosskurth/Rotmans 2007)⁹⁴

Having designed the system of stocks and flows in such a matrix, the next step is to evaluate sustainability. First, inherently normative choices of what is desirable are necessary: for each stock a choice is made regarding its desired direction, independently of the effects of that stock on other stocks (see figure 6: ‘+’ and ‘-’ at the very left and very top, e.g. first row and first column: lower risk of flood is desired)⁹⁵. Then, in order to evaluate the long-term continuity and functionality of the system, the consistency of the desired directions and the respective flows must be tested. This consistency check is passed if the value of the flow (1 or -1) is equal to the desired direction of the originating stock multiplied by the desired direction of the receiving stock of that flow. For example: the desired direction of ‘flood risk’ multiplied with the desired direction of ‘dams’ = $-1 * -1 = 1$. In the model, the flow

⁹³ Grosskurth J./Rotmans J. 2007, p. 179

⁹⁴ Grosskurth J./Rotmans J. 2007, p. 180

⁹⁵ Grosskurth J./Rotmans J. 2007, p. 181

from flood risk to dams is 1, and therefore, the flow between the stocks is consistent with the desired direction of these stocks. At the same time, the flow from dams to flood risk (-1) is an inconsistent flow as the desired direction is 1 ($-1 * -1 = 1$; in the figure 6, the boxes of inconsistent flows are colored in dark grey). Inconsistencies imply that if a desired development for one stock is realized, another stock comes under pressure, i.e. it develops in an undesired direction. The more inconsistencies exist, the more difficult it is to direct the system into what is normatively chosen to be a sustainable trajectory.

		Desired direction - - - + + + + + - +									
Desired direction		Flood risk	Costs	Dams	Retention capacity	Space for water	Space for land	Agriculture	Buildings	Potential damage	Nature
	-	Flood risk			1						1
-	Costs										
-	Dams	-1	1			-1	1				-1
+	Retention capacity	-1									
+	Space for water				1						1
+	Space for land							1	1		
+	Agriculture		-1		-1					1	-1
+	Buildings		-1		-1					1	-1
-	Potential damage		1								
+	Nature				1			-1			

Figure 6: Checking for Inconsistencies in the System within QSSI Model (Grosskurth/Rotmans 2007)⁹⁶

In this example, 9 out of 23 flows are inconsistent. The QSSI index is calculated by dividing the number of inconsistent flows by the total number of flows ($9 / 23 = 0.39$). The desired value of the QSSI is 0, i.e. no inconsistent flows⁹⁷. To decrease the QSSI value towards 0, three general approaches exist⁹⁸:

1. Find a way to make the inconsistent flow disappear by decoupling of stocks, and therewith reduce both, the number of inconsistent flows as well as the total number of flows (from $9 / 23 = 0.39$ to $8 / 22 = 0.36$).

⁹⁶ Grosskurth J./Rotmans J. 2007, p. 181

⁹⁷ Grosskurth J./Rotmans J. 2007, p. 182

⁹⁸ Grosskurth J./Rotmans J. 2007, pp. 182f

2. Change existing inconsistent flows to become consistent, e.g. stimulate a type of agriculture that can be applied in retention areas (i.e. agriculture that actually benefits from occasional flooding). This reduces the number of inconsistent flows (line 'agriculture' and column 'retention capacity', from $9 / 23 = 0.39$ to $8 / 23 = 0.35$).
3. Add consistent flows, e.g. finding a way to give space to water in such a way that agricultural activity is stimulated at no cost for other stocks (line 'space for water' and column 'agriculture', from $9 / 23 = 0.39$ to $9 / 24 = 0.38$).

Assigning values to the flows ranging from 1 (weak) to 3 (strong) allows accommodating different strengths of flows. With such weights assigned, the QSSI is calculated as the sum of weighted inconsistent flows divided by the sum of total weighted flows. Weighted flows provide arguments to reject inconsistencies based on their significance (weak inconsistent flows are of low priority), and therefore prioritize activities to achieve sustainability. In addition, using weighted flows rewards interventions that lower the strength of flows, giving room to aspects such as eco-efficiency and technological progress that push the frontiers of sustainability without having to fundamentally change the system⁹⁹.

In summary, the QSSI model offers the following advantages:

- It is easy to understand and helpful in terms of design elements of a system in order to maximize the overall sustainability, including simulating alternatives.
- Project proposals can be assessed before project implementation decisions (pre-project) and re-design may apply to maximize sustainability.
- It allows easy comparison and analysis of pre- and post-project assessment, which offers learning opportunities for future pre-project assessments.
- Models can be reused for similar projects with minimum effort, only minor adjustments to accommodate the project's specific particularities are required.

Major challenges of the QSSI model are the processes of discussing and agreeing on stocks, flows, the normative sustainability trajectory, as well as approaches to lower the index at planning stage, all of which requires significant time and resources. To address these challenges, documentation of related discussions and agreements are essential and a prerequisite for post-project evaluation, for project comparison, as well as for learning for future projects.

After having discussed the measurement of sustainable development, the following paragraphs discuss criticism and future evolvement of sustainability concepts.

⁹⁹ Grosskurth J./Rotmans J. 2007, p. 184

2.1.3 Criticism of Sustainability and recent Evolvments

What Brundtland defined as sustainability has been subject to considerable debates. Barr says that sustainability is a deceptively simple concept, yet practically complex. In one way, it is eminently achievable and yet in other ways it appears elusive. It can appear to be all-encompassing and yet in being so, it may encompass no one¹⁰⁰. Barr further concludes that while a multitude of conceptual models, frameworks and policies are proclaimed, there are still radically different opinions on a range of environmental, social and economic issues when it comes to sustainability. These conceptual differences create a complex and overlapping set of discourses, which often reflect contradictory positions (instead of allowing for commonly agreed upon judgments regarding sustainability)¹⁰¹. Besides this criticism, Barr acknowledges that the Brundtland report significantly changed political, methodological and scientific approaches regarding environmental issues¹⁰².

Summarizing his literature review of suggestions regarding necessary changes to sustainability models, Barr finds the following three changes to be mentioned most often¹⁰³:

- 1) Sustainability and environmental issues have to be understood as being of international magnitude (rather than being local and locked within a certain territory).
- 2) The growth of population must no longer be understood as the only threat to the sustainable use of resources, instead three aspects contribute in a combined manner to the threat of sustainable use of resources (these three aspects are: inequalities of people's access to resources, ways in which people use resources, and the sheer number of people).
- 3) Because of its broad approach, he sees the Agenda 21¹⁰⁴ as possible starting point for sustainability models.

Adam recognizes the achievements of sustainable development to be significant, nevertheless he sees the current concepts of sustainable development to be "over-worked and tired"¹⁰⁵. They are too loose to drive effective change on the scale required. His three main criticism of sustainable development approaches are¹⁰⁶:

- 1) **Lack of shared understanding:** the phrase 'sustainable developing' covers a complex range of ideas and meanings, and it can even be used to cover very

¹⁰⁰ Barr S. 2008, p. 17

¹⁰¹ Barr S. 2008, p. 21

¹⁰² Barr S. 2008, p. 26

¹⁰³ Barr S. 2008, pp. 27ff

¹⁰⁴ The Agenda 21 is an action plan for sustainable development which originates from the Brundtland report and which was agreed upon by 176 nations as well as by a significant number of NGOs and environmental groups (Barr S. 2008, pp. 28f).

¹⁰⁵ Adam W. 2006, p. 10

¹⁰⁶ Adam W. 2006, p. 3

divergent ideas. Environmentalists, governments, economists, political planners, and business people sometimes use ‘sustainability’ or ‘sustainable development’ to express very different visions of how environment, society and economy should be managed. This lack of shared understanding is one reason for the lack of a widespread acceptance of the idea of sustainability and sustainable development¹⁰⁷.

- 2) **Trade-offs do not offer choices:** the three pillar concept implies that decision can be made regarding trade-offs between the environmental, social and economic dimension of sustainability. In practice, economy, which is actually a subsystem of society because it is created by society, always wins and the environment continues to be degraded. Furthermore, environment underpins society and economy, but its resources are limited and the environment constitutes a finite limit on human activity¹⁰⁸. Therefore, the trade-offs in favor of the economy actually weaken the whole system and thus options regarding trade-offs do effectively not exist.
- 3) **Metrics:** there is no agreed way of defining the extent to which sustainable development is achieved in any policy program. Sustainable development is effectively an ethical concept, expressing desirable outcomes from economic and social decisions and aspirations. But in practical decisions, the rhetoric of sustainable development is ignored, and the important matter of principle becomes a victim of the desire to set targets and measure progress¹⁰⁹.

As a better approach for sustainable development, Adam suggests to “keep it, but fix it”. In order to do so, he suggest considering the following four areas in any sustainability-related discussion¹¹⁰:

- A) **Sustainability and resilience:** the earth’s capacity to yield products for human consumption, to absorb human waste, as well as to yield ecosystem services, is limited. The capacity of nature to meet human needs depends on both, its internal dynamics and its dynamic responses to human induced stress. The resilience¹¹¹ of the biosphere is critical to the sustainability of humankind on earth¹¹².
- B) **Sustainability and human wellbeing:** the quality, diversity and functions of the environment underpin human health, solidarity and security. Security depends

¹⁰⁷ Adam W. 2006, p. 3, this opinion is also shared by *David W. Pearce, Edward B. Barbier, and Anil Markandya* in their book *Sustainable Development: Economics and Environment in the Third World*, published in 1990, as well as by *John Blewitt* in his book *Understanding Sustainable Development*, published in 2008.

¹⁰⁸ Adam W. 2006, pp. 3f, this opinion is also shared by *Jonathon Porritt* in his book *Capitalism as if the world mattered*, published in 2006.

¹⁰⁹ Adam W. 2006, p. 4

¹¹⁰ Adam W. 2006, p. 10

¹¹¹ Resilience is the concept that once a stress is removed, the ecosystem would bounce back to its former state. Therefore, the ecosystem is understood as homeostatic and self-regulating (Adam W. 2006, pp. 11f).

¹¹² Adam W. 2006, pp. 11f

fundamentally on issues of equity, within and between generations. Therefore, justice (intra-generational justice as well as inter-generational justice) is of fundamental importance for the future of our planet¹¹³.

- C) **New economy:** the market is a human institution of unique power and efficiency. It is capable of driving massive changes and generates opportunities for human beings and the environment alike on a scale and at a speed that dwarfs the regulatory powers of citizen, state or global organizations. Engaging the power of markets might secure environmental services and biological diversity¹¹⁴.
- D) **Presenting new thinking:** the current language of choices and trade-offs, derived from natural science and introduced by technocrats and economists, needs to be amplified with elements such as ‘imagination’, ‘vision’, ‘passion’ and ‘emotion’. In the past, sustainability has engaged the mind, but in the future it must also engage the hearts¹¹⁵.

While Adam suggests these four considerations in order to fix current approaches to sustainability and sustainable development, the Earth Charter Initiative¹¹⁶ suggests a very different way to overcome current shortcomings. Instead of finding new definitions or extensions to current definitions, the initiative seeks to establish the values and development direction needed to achieve sustainability: “We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace. Towards this end, it is imperative that we, the people of Earth, declare our responsibility to one another, to the greater community of life, and to future generations” (citation from the Preamble of the charter)¹¹⁷. While the Earth Charter Initiative formulates noble suggestions of the values of a sustainable society, it does not suggest specific approaches or frameworks that sustainability-related discussions or assessments may follow to reach broad agreement on sustainability and sustainable development.

¹¹³ Adam W. 2006, pp. 12f

¹¹⁴ Adam W. 2006, pp. 13f

¹¹⁵ Adam W. 2006, p. 14

¹¹⁶ About the Earth Charter Initiative: “The Earth Charter Initiative is an extraordinarily diverse, global network of people, organizations, and institutions that participate in promoting and implementing the values and principles of the Earth Charter” (The Earth Charter Initiative).

About the Earth Charter: “The Earth Charter is a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century. It seeks to inspire in all people a new sense of global interdependence and shared responsibility for the well-being of the whole human family, the greater community of life, and future generations. It is a vision of hope and a call to action.” (Earth Charter).

About the Earth Charter Initiative’s mission: “The mission of the Earth Charter Initiative is to promote the transition to sustainable ways of living and a global society founded on a shared ethical framework that includes respect and care for the community of life, ecological integrity, universal human rights, respect for diversity, economic justice, democracy, and a culture of peace.” (The Earth Charter Initiative – Mission).

¹¹⁷ The Earth Charter Initiative – Charter

Barr concludes that “sustainability means too many different things to too many people”¹¹⁸, and therefore the understanding regarding sustainability and sustainable development, including the underlying values and beliefs, must be harmonized. In order to do so, agreement on principles, concepts and application approaches for sustainability and sustainable development must be achieved when discussing subjects of sustainability and sustainable development. In order to reach such agreement, Barr suggests a framework that shall guide the discussions. The details of the framework may differ depending on the subject in question or on the parties involved. The framework that he suggests consists of three levels (principles, concepts and applications) with each of these levels holding three elements¹¹⁹. These nine elements require a common understanding and a shared agreement on approaches. The following list explains the details of the framework¹²⁰:

- 1) Principles: principles describe the rationale that discussions and assessments are based on. The three elements to assess principles are:
 - a) Value: beliefs that guide behavior and frame attitudes.
 - b) Ethics: moral basis of decision making.
 - c) Knowledge: disciplinary contexts and beliefs people are influenced by and from which methodologies originate¹²¹.
- 2) Concepts: concepts describe the general framework to discuss and assess sustainability and sustainable development. The three elements to assess concepts are:
 - a) Time: duration and time line of concern or intervention¹²².
 - b) Space: group of people and geographical area of concern or intervention¹²³. The element space typically includes assessment of beliefs regarding whether or not positive sustainability at lower level transforms into sustainability at higher level (e.g. does sustainability at household level lead to sustainability at city level?).
 - c) Capital: environmental assets being available, including their quantity and quality.
- 3) Applications: applications describe the basic operational options to undertake interventions. While for the previous two levels each element allows a wide range of positioning¹²⁴, the elements at the application level only offer a distinct number of models to choose from. The three elements to assess applications and their specific models are:

¹¹⁸ Barr S. 2008, p. 31

¹¹⁹ Barr S. 2008, p. 31

¹²⁰ Barr S. 2008, pp. 31ff

¹²¹ Examples of difference in knowledge include: will technology offset negative environmental consequences, yes or no? Is there a need for accountability for resources, yes or no? Is there a need for accountability for environmental costs, yes or no? Is there a need for a system of penalties and incentives, yes or no? Do psychological barriers towards environmental change exist, yes or no? Do social values prevent environmental change, yes or no?

¹²² The time line may e.g. range from next week to next generation’s lifetime or even more.

¹²³ The group of people of concern may e.g. range from family to whole world.

¹²⁴ E.g. positioning range of time element at concept level: the time to undertake and assess the intervention in question or to be agreed upon may range from several months only up to several years.

- a) Sectors: the different perspectives used to look at sustainability and sustainable development, i.e. the aspects that are tangent to the intervention. The most widely used model for sectors is a separation into environment, society and economy (see paragraph 2.1.1.1). While agreements on the segments may be easily achieved, the detailed understanding of each segment may still vary and must also be agreed upon.
- b) Models: general understanding of how the sectors are interlinked. The three applicable models are harmonization (the three sectors are equally proportional), nested (the sector environment sets the ultimate boundaries, see paragraph 2.1.1.1 and figure 3), and weak/strong (in this model the interpretation of sustainability depends on the definition of capital, see point 2c).
- c) Mode of implementation: operational options to change current behavior regarding sustainability. The four applicable implementation modes are: policy-cycle (iteration of policy formation and reflection), top-down, bottom-up, and participatory mechanism.

To further clarify how the framework may be used, Barr provides some illustrative examples. He also uses these examples to indicate the potential misconceptions and misunderstandings that may arise in a discussion or for an assessment of sustainability and sustainable development. One of these examples indicates how different understandings of ethics may influence a sustainability discussion. The example starts with the Brundtland definition of sustainability, which is based on needs (today's needs and the future generation's needs, see paragraph 2.1.1.1). But Brundtland does not define the term 'need', and therefore the definition of 'need' relates to ethical positions¹²⁵. Combining this necessity of ethical positioning with the fact that current living standards in developed countries exceed the planet's bio-capacity¹²⁶, Barr concludes that sustainable development holds an ethical dilemma for developed countries: sustainable development either accepts the status quo in terms of the wealth divide, i.e. the minority in developed countries has access to a majority of the resources, or alternatively, it reduces living standards in the developed countries which then allows equal opportunities for developing countries and their future generations¹²⁷. This example illustrates how ethics may shape the discussion or assessment of initiatives regarding their sustainability as well as their contribution to sustainable development.

¹²⁵ Barr S. 2008, p. 34

¹²⁶ Pulselli et al., describing the concept of ecological footprint and bio-capacity, i.e. measurement of direct and indirect human impact on the environment by quantifying the biologically productive space necessary to sustain humans and all their activities (Pulselli F. et al. 2008, p. 90), conclude that today the world population is consuming more than what our planet can supply. In 2000, 1.2 planets would have been necessary to sustain the yearly consumption of the world population (Pulselli F. et al. 2008, p. 94).

¹²⁷ Barr S. 2008, p. 35

While trying to fix the current shortcomings of sustainability definitions and sustainability development approaches seems a valid undertaking, it is not sufficient to understand what a retailer means by sustainable food. Instead, a truly shared understanding of sustainability and sustainable development requires looking at how a partner discusses and how an assessment methodology frames sustainability regarding principles, concepts and applications. Using the framework suggested by Barr, sustainability is approached from a broader perspective, which most likely requires intense discussions (i.e. time and effort). But it allows reaching a shared understanding of sustainability and sustainable development, at least regarding the subject in question.

2.1.4 Summary

There seems to be general agreement that sustainability has different dimensions (typically environment, society and economy) with potential trade-offs existing between these dimensions, that sustainability refers to today's activities and consumption in relation to future generations, and that a generally accepted sustainability measurement approach does not exist. Therefore, organizations cannot turn to an existing objective sustainability approach, instead, they must formulate their specific sustainability understanding, take decisions on how to address the trade-offs, build assumptions regarding how their activities will impact environmental, social and economic systems, as well as what subsequent changes these impacts will lead to. In summary: each organization has to individually define its sustainability approach regarding principles, concepts and applications, including the underlying assumptions regarding cause and effect chains of the organization's activities. However, further agreement or generally accepted sustainability standards, or maybe even regulatory requirements, may evolve. Therefore, organizations, especially the ones that are significantly exposed to the sustainability dimensions (e.g. having especially high or intense environmental impact, social exposure, or economic consequences), should follow respective discussions, scientific research and best practices approaches in their respective fields (i.e. regarding the services, geography, customers/beneficiary groups, etc. that the organization is typically active in and engages with). Such openness allows incorporating these evolutions into their own specific sustainable development undertakings.

After introducing sustainability, which serves as reference what the Sustainability Measurement Framework aims to increase for development aid NGOs, the following sections discuss the theoretical considerations regarding development aid, NGOs, as well as respective managerial and organizational considerations, project management approaches, and performance management requirements.

2.2 Managerial and organizational Aspects of Development Aid NGOs

This section first introduces aid and discusses approaches to definitions for development aid and NGOs. The discussions include a comparison of the terms ‘development aid program’ and ‘development aid project’, which both represent approaches for NGOs to conduct development aid activities. The definition and discussions lay the aid- and NGO-related foundation for the subsequent paragraphs to discuss organizational and managerial aspects of NGOs that engage in development aid. As no prior research is available on specific managerial and organizational aspects of development aid NGOs, the respective paragraphs relate to specific examples and NPO literature to understand the specific challenges as well as to derive management approaches to address the specific managerial and organizational challenges of development aid NGOs. These challenges are structured in paragraphs of challenges in development aid NGOs’ external environment and paragraphs on challenges from within the development aid NGOs. The respective findings are repeatedly used throughout the thesis, e.g. to prioritize project management approaches, to assess performance measurement models, as well as to design the Sustainability Measurement Framework.

While this section provides the necessary foundation for development aid and development aid NGOs, it does neither discuss the role of institutions such as governments of developing countries, the UN, the World Bank Group or the IMF. Consequently, any example provided in this thesis does not claim completeness regarding these institutions.

2.2.1 Development Aid

Aid is defined as transfer from richer countries to poorer countries¹²⁸ and it can be grouped into the “three worlds” ‘official development aid’, ‘development aid’, and ‘humanitarian and emergency relief aid’¹²⁹. Riddell describes development aid as ‘aid funds provided or used for development purpose’ and it is primarily provided by non-governmental organizations (NGOs)¹³⁰. Unfortunately, he does not further describe the term ‘development purpose’. Alternatively, the World Health Organization (WHO) defines development as “process of improving the quality of life of all people”, which combines the following three aspects¹³¹:

¹²⁸ Kharas H. 2007, p. 6

¹²⁹ Riddell R. 2007, p. 8, for further details see appendix III.

¹³⁰ Riddell R. 2007, p. 21

¹³¹ WHO Development

- Raising people's living standards, i.e. their incomes and consumption levels of food, medical services, education, etc., through economic growth.
- Creating conditions to grow the people's self-esteem by establishing social, political and economic systems and institutions that promote human dignity and respect.
- Increasing people's freedom by enlarging their range of choices and by increasing the varieties of consumer goods and services accessible to them.

This definition of development is broad enough to encompass a wide range of objectives and activities. The advantage of such a broad approach is the flexibility regarding adaptations to future realities, the disadvantage however is the risk that the approach may be too broad and vague, and therewith meaning nothing to nobody and lacking commitment.

Instead of providing a definition for development aid, the OECD (Organisation of Economic Co-operation and Development) lists the issues that are seen as development aid related¹³². While this definition approach is clear regarding what activities are seen as development aid, it does not look at the results of the respective activities. Instead, execution of the listed activities is sufficient to qualify as development aid, regardless of the conditions, quality, or intended as well as achieved results of the execution. Unlike Riddell, the OECD does neither state any limitations regarding the funding of the initiatives nor the organizations that engage in such initiatives.

Choosing an historical perspective for defining development aid, Easterly traces the origins of development aid back to a Polish-born economist named Paul Rosenstein-Rodan who invented a new field of economics that was called 'development economics' in the 1940s. He called for a 'Big Push' to move the third world into the first, which was picked up by different scholars in politics, sociology, and many other fields. In 1956 Gunnar Myrdal conducted different studies suggesting that an overall integrated national plan for developing countries is the answer to world poverty. Therefore, development aid may include a wide variety of aid activities by a wide variety of possible donors or partners¹³³.

When using the four different approaches of Riddell, WHO, OECD, and Myrdal to judge whether or not a certain aid effort by a specific donor qualifies as development aid or not,

¹³² Development aid related issues are: Africa and Middle East, Latin America and the Caribbean, Aid Effectiveness, Aid Statistics, Untied Aid, Conflict and Fragility, Evaluation of Development Programs, Global Development Outlook, Gender Equality and Development, Governance and Development, Asia and Pacific, Poverty Reduction and Social Development, Investment for Development, Millennium Development Goals, Peer Reviews of DAC Members, Policy Coherence for Development, Poverty Reduction, Environment and Development, and Aid for Trade (OECD Development Issues).

¹³³ Easterly W. 2006, pp. 25f

the findings are likely to vary. Given the significant differences in the approaches to definitions, I omit further analysis and I will use a working definition for development aid instead.

Based on the purpose of the Sustainability Measurement Framework to plan, measure and increase the sustainability of development aid NGOs, the following rather narrow working definition of development aid shall apply for this thesis: *development aid describes projects conducted and granted by predominantly independent NGOs, aiming to directly or indirectly raise people's living standards, growing people's self-esteem, and/or enlarge people's range of choices and therewith their freedom.* The definition addresses solely predominantly independent NGOs as the Sustainability Measurement Framework is specifically designed for such predominantly independent development aid NGOs (see paragraph 1.2), and it focuses on achieved results regardless of the specific activities applied to achieve the results. Using this definition, an activity or undertaking only qualifies as development aid if the following three conditions are met simultaneously:

- The activity or undertaking is clearly linked to the intended result.
- The implementing NGO is independent regarding the sources of funding.
- The implementing NGO has to remain predominantly independent, i.e. applying its own assessment of results and sustainability.

In addition, the perspective chosen to assess the results is the one of the beneficiaries. Therefore, the results achieved for the beneficiaries serve as reference point to assess activities, not the results intended by the implementing NGO.

After having defined and discussed development aid, the following paragraphs discuss NGOs which are the organizations that conduct development aid.

2.2.2 Non-governmental Organization (NGO)

Non-governmental organizations (NGOs) are organizations that, besides governments and governmental agencies (such as USAID, AusAID, DFID, etc), financial institutions such as the World Bank and the International Monetary Fund (IMF), UN Agencies, as well as Red Cross movements, conduct development aid projects¹³⁴. The World Bank, in its Operational Directive 14.70 dated August 28, 1989, states that “the diversity of NGOs strains any simple definition or classification”, and that “NGOs include a wide variety of groups and institutions that are entirely or largely independent of governments, and characterized

¹³⁴ Riddell R. 2007, p. 8, pp. 21f and pp. 78f

primarily by humanitarian or cooperative, rather than commercial, objectives”¹³⁵. Based on the World Bank’s Directive, Eric Werker and Faisal Ahmed define NGOs as private organizations characterized primarily by humanitarian or cooperative rather than commercial objective, and with activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development in developing countries¹³⁶. Therefore, NGOs are a subset of nonprofit organizations (NPOs, for definitions and description of NPOs, see appendix IV) that engage specifically in international development. The definition excludes many of the nonprofit actors in developed countries such as hospitals and universities. And finally, this definition keeps NGOs separate from community-based organizations, which exist to benefit their members directly¹³⁷.

As an alternative approach to classify NGOs, David Korton looks at the evolution of the organizations. Korton believes that NGOs learn from their experience and change accordingly. He concludes that any NGO grows through three sequential steps or generations, with each generation having specific characteristics. And he sees this three-generation evolution as distinctive enough to serve as a definition approach for NGOs¹³⁸. Korton calls the first generation ‘relief and welfare’, a stage in which the NGO is involved in the direct delivery of relief services to beneficiaries, such as the distribution of food, shelter, or health services. At this stage, NGOs are responding to immediate needs. The second generation is called small-scale, self-reliant local development. At this stage, NGOs focus on building the capacities of local communities to meet their needs through self-reliant local action. Therefore, they become more developmental in orientation. The third generation is called sustainable systems development. At this stage, NGOs seek to make changes in policies and institutions at local, national and international levels. NGOs at the third stage move away from operational service provision into taking on more catalytic roles (i.e. engaging in advocacy, lobbying, awareness-raising and campaigning)¹³⁹.

While the two approaches to definitions introduced above primarily look at the services that NGOs offer, other authors such as Riddell relate back to the NPO definition and use a list of characteristics to define NGOs (for a discussion of NPO definitions see appendix IV). Riddell suggests that the following three characteristics define NGOs in the context of

¹³⁵ World Bank 1989

¹³⁶ Werker E./Ahmed F. 2007, pp. 2f

¹³⁷ Werker E./Ahmed F. 2007, pp. 2f

¹³⁸ Korton D. 1990, pp. 118f

¹³⁹ Korton D. 1990, p. 119

development¹⁴⁰: (1) direct or indirect involvement in humanitarian and development work, (2) not-for-profit nature of their activities, and (3) being distinct and separate from governments as well as from private for-profit organizations.

A heavily discussed question is whether or not a NGO approach to definition should include a description of services. Of particular controversy are services related to advocacy, lobbying, awareness raising, and campaigning. While Korton, based on the three generations of NGO evolution, sees these services as indicator for an advanced-stage NGO, Riddell concludes that most big NGOs actually do conduct or participate in such activities¹⁴¹. According to his reviews, the overall success of these NGO activities is mixed, but there are clear examples of success¹⁴². In a similar way, Thomas Davis acknowledges that advocacy, lobbying and campaigning are core objectives of international and internationally oriented NGOs, and some organizations may exist simply to provide such services¹⁴³. Regardless whether or not the services that a NGO offers are part of the NGO definition, they may serve for classification of NGOs and therewith support the analysis of managerial as well as organizational aspects of NGOs.

The review of the above approaches to definitions for NGOs shows that, besides all similarities, significant differences exist in term of whether or not a certain organization or activity may be seen as non-governmental or not. For the purpose of this thesis, focusing on development aid NGOs, the following definition, which also includes key elements of the NPO definition, shall apply: *non-governmental organizations (NGOs) are organizations that have humanitarian or cooperative objectives; they pursue activities to relief suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development; they have a minimal structure and a public appearance; they act autonomously and are distinct and separate from governments as well as from for-profit organizations. They follow the principal of voluntarism and they do not distribute profits.* This definition allows classifying NGOs regarding their reach (locally based NGOs versus NGOs working at a global scale) as well as regarding their prime activity (direct implementers of projects with grassroots communities, intermediary support organizations, or some form of umbrella organizations)¹⁴⁴.

¹⁴⁰ Riddell R. 2007, pp. 259f

¹⁴¹ Riddell R. 2007, p. 287

¹⁴² Riddell R. 2007, p. 293. He suggests that NGO advocacy, lobbying and campaigning have had a more positive impact than many of the critics admit. His suggestion is based on the following four indicators: NGOs influenced policy decision makers to talk about respective subjects; evidence suggests that NGOs do have influence on policymakers (e.g. they are now invited to conferences, etc.); targeted companies confirm that NGO activities have influenced them; and UN insiders confirm that NGO activities have influenced them (Riddell R. 2007, p. 297).

¹⁴³ Davis T. 2008, p. 3

¹⁴⁴ See Riddell R. 2007, p. 259; Easterly W. 2006, p. 18; Lewis D. 1998; Korton D. 1990, p. 118

After having defined NGOs, the following paragraph discusses differences between development aid programs and development aid projects, which are the main approaches for development aid NGOs to bring change to people's lives.

2.2.3 Development Aid Programs versus Development Aid Projects

Literature refers to a series of development aid interventions as 'development aid programs'¹⁴⁵ or as 'development aid projects'¹⁴⁶. The following paragraphs discuss these two terms and offer approaches to definitions.

While some authors distinguish between programs and projects by their impact in social and subject terms (see footnotes 145 and 146), there is currently no broad agreement regarding the delineation of 'program' and 'project'. Renz sees no clear cut between 'program' and 'project' and he suggests that the terms are largely interchangeable¹⁴⁷. Renz's opinion becomes more understandable by looking at specific initiatives, e.g. providing solar powered light allowing school children to do their homework in the evening, leading to better learning, better grades, better education, better job opportunities, etc.¹⁴⁸. This technology-oriented initiative has broad social and subject terms. But the ultimate objective of the initiative (i.e. better education, better job opportunity, etc.) highly depends on additional conditions such as sufficient nutrition and good health (otherwise the children's capability to learn might be limited), which are elements going beyond the provision of solar panels. Therefore, the initiative is only successful if it is combined with different activities at multiple levels and from multiple sectors.

This example shows that even with agreed upon definitions (see footnote 145 and 146), the boundaries between project and program are blurring. It further shows that depending on how a certain stakeholder perceives the initiative, different activities are necessary to achieve the overall goal. Therefore, certain stakeholders may expect a wide range of activities in order to achieve broader social and environmental aspects as well as to sustain and multiply the initiative's successes. Despite these difficulties of blurring boundaries, I

¹⁴⁵ A development aid program is a multilevel, multi-sectored package of measures, requiring multilevel planning and structuring, leading towards an overall goal. Programs are disaggregated into (individual) projects for reasons such as complexity (i.e. delimiting issues, allocating tasks, competences, division, etc. into manageable units, Novartis Foundation 2005, p. 5).

¹⁴⁶ A development aid project is a package of measures limited, or capable of limitation, regarding regional, social, subject and temporal terms, which is implemented in order to reach an objective that has been precisely designated beforehand and that is objectively verifiable. A project may be part of an overarching program (Novartis Foundation 2005, p. 5).

¹⁴⁷ Renz P. 2007, p. 15

¹⁴⁸ Project of Solar Energy Foundation (<http://www.stiftung-solarenergie.org/index.php?pageID=432> [accessed July 5, 2009]).

use the terms ‘project’ and ‘program’ interchangeably. Nevertheless, I agree that initiatives differ regarding the scope of activities that are required to achieve all of the expected changes in people’s lives.

After having introduced the terms ‘development aid’, ‘NGO’ and ‘development aid programs’ versus ‘projects’, I now turn to the development aid NGO itself and discuss challenges in the external environment of development aid NGOs.

2.2.4 Challenges in Development Aid NGOs’ external Environments

According to Renz, NGOs aim to change the very environment that they operate in. In order to do so successfully, NGOs must understand their external environment in detail and tailor management as well as leadership accordingly¹⁴⁹. Hence, a continued understanding of what Johannes Rüegg-Stürm calls the ‘environmental spheres’, e.g. to “identify trends which are critical for success”¹⁵⁰, are a prerequisite to achieve the goals of development aid projects. For NGOs, there are two main complexities in their external environment that they need to address constantly. The first being the current situations in developing countries, i.e. the reality in which the changes that the NGOs envision, have to take place¹⁵¹. The second complexity is related to stakeholder management, i.e. the diversity and magnitude of beliefs, opinions, and actions that development aid NGOs need to consider for their undertakings¹⁵². The following paragraphs discuss each of these two complexities in more detail.

2.2.4.1 Complexities related to the Reality in developing Countries

In his book, Renz analyzes a significant development aid project and describes a broad variety of realities that an organization is confronted with in developing countries. These realities and the arising complexities can be allocated to the following four groups¹⁵³:

- **Society:** education levels and willingness to perform; influences of religion; faces of poverty; questions of social status, position of women, treatment of minorities; social problems and conflict potential; government norms and conditions; political forces and interferences; and health system.

¹⁴⁹ Renz P. 2007, p. 73

¹⁵⁰ Rüegg-Stürm J. 2005, p. 17. See also appendix V, the St. Gallen Management Model and its adaptation to development aid NGOs.

¹⁵¹ Renz P. 2007, pp. 73f

¹⁵² See appendix X for a review of different stakeholder-related literature.

¹⁵³ Renz P. 2007, pp. 73ff

- **Nature:** availability of natural resources; potential of agro-sector and environmental issues, including contamination; and climate.
- **Technology:** availability of process technologies and material supply; and logistics, communication, and information technologies.
- **Economy & development sector:** macro-economic conditions; available infrastructure and respective barriers; labor market; and methods of procurement for project needs.

Building on the above list, appendix VI describes examples that shed further light on the structural complexities in developing countries, as well as on the interdependence between different aspects that NGOs try to change. In addition to these structural complexities, NGOs likely face inefficient governmental processes and corruption (appendix VII and VIII provide respective data). While developing countries¹⁵⁴ generally rank low regarding governmental processes and high on corruption, specific countries or specific elements of governmental processes and corruption indicators seem much more average (e.g. the percentage of firms that expect to give gifts in meetings with tax officials in OECD countries and in low-income countries are almost the same, 28.26% and 28.44% respectively). Therefore, NGOs are well advised to thoroughly analyze the governmental processes and corruption indicators that they will be confronted with in a specific country and situation. The analysis shall assess the potentially arising complexities so that the development aid NGO may then plan actions, time and resources to manage these complexities.

After introducing the complexities arising from the realities in development countries, the following paragraphs discuss complexities related to stakeholders, the second external complexity that NGOs are likely to be confronted with.

2.2.4.2 Complexities related to Stakeholders

Rüegg-Stürm suggests the following definition for stakeholders: organized or not-organized groups of people, organizations and institutions, which are affected by or do affect the organization's value-creating activities, and sometimes also its value-destroying activities¹⁵⁵. This definition assumes a broad understanding of stakeholders: anybody who claims to be somehow affected by the organization, or who affects the organization (in the past, at present, or potentially in the future), is seen as a stakeholder. Renz suggests that

¹⁵⁴ Based on the available data, low-income countries are used as a proxy for developing countries.

¹⁵⁵ Rüegg-Stürm J. 2005, p. 12

individuals should also be seen as stakeholders, not only groups of people¹⁵⁶. For development aid NGOs, stakeholders may not only be groups that are affected, but also someone who represents these groups (e.g. advocacy NGOs). Further I suggest abandoning the term value-creating as it is not part of the NGO definition. The last open issue is the question whether to only include effectively affected groups or to also include potentially affected groups. While I support the idea that NGOs proactively think about who might be potentially affected and thus might become a stakeholder, I suggest that the concept of possibility may lead to a too broad group of stakeholders which may divert what a NGO, given its limited and scarce resources, should focus on. Therefore, the definition to be used in this thesis is: *stakeholders are groups of people and individuals, as well as organizations and institutions, including their representatives, which are affected by or do affect the development aid NGO's activities.*

While each stakeholder may impose specific challenges (see appendix IX for examples), the biggest single challenge for development aid NGOs is the number of different stakeholders and the diversity of interests that they have to deal with. Peter Drucker concludes that NPOs must work with all stakeholders simultaneously, and NPO managers do not have the luxury of dealing with one primary constituency (such as shareholders for businesses or voters for governments). Instead, NPOs have a multiplicity of constituencies, i.e. stakeholders, “each of which can say no – none of which can say yes”¹⁵⁷.

Beyes/Jäger agree with the diversity of NGO stakeholders by concluding that NPOs are ‘multi-discursive organizations’, i.e. organizations that speak many languages¹⁵⁸ and that must speak to many different (internal and external) stakeholders before making any decision¹⁵⁹. While speaking many languages is clearly a challenge, NPOs even face the difficulty, according to Beyes/Jäger, that they are not able to prioritize the balancing of functional system logic approaches that are used by different stakeholders¹⁶⁰. In such multi-discursive situations, a final rationale for taking decisions, such as profit contribution in for-profit organizations, is absent, which leads to multiple discourses, opinions, expectations, and values to persistently co-exist¹⁶¹.

Addressing the challenges imposed by the multi-discursive environment with a significant number of stakeholders, literature suggests different stakeholder management approaches

¹⁵⁶ Renz P. 2007, p 78

¹⁵⁷ Drucker P. 2005, p. 17

¹⁵⁸ Beyes T./Jäger U. 2005, p. 638

¹⁵⁹ Beyes T./Jäger U. 2005, p. 640

¹⁶⁰ Beyes T./Jäger U. 2005, p. 638

¹⁶¹ Beyes T./Jäger U. 2005, p. 639

and models (see appendix X for an introduction of key models for NPOs). And no matter which model a NGO may decide for, a constant review of stakeholders seems critical to continuously address them successfully. Constant stakeholder screening is especially important in fast- changing environments such as developing countries, where stakeholders may change quickly, with new ones arising and possibly come to power, as well as old ones disappearing into irrelevance.

After having introduced the complexities of realities in developing countries and of stakeholders as the main external complexities for NGOs, the following paragraphs emphasis the challenges that arise from within NGOs.

2.2.5 Challenges from within the Development Aid NGOs

The following paragraphs discuss challenges that arise from within the NGOs. These challenges will be used throughout the thesis to discuss project approaches, assess performance measurement models, as well as to prioritize levels and tasks of the Sustainability Measurement Framework. The paragraphs build on the understanding that the two main business processes of development aid NGOs are fundraising and conducting projects (see appendix XI for further details regarding the service delivery processes of development aid NGOs). The discussion of internal challenges therefore focuses on fundraising and conducting projects, and also includes the topic of employees and volunteers as well as customer-orientation, which also hold specific challenges for NGOs.

2.2.5.1 Fundraising

While some NGOs earn a part of their income from commercial activities, almost all development aid projects of NGOs are, at least partly, funded by aid money. The three main sources of aid funds are: private donation, governments and private foundations¹⁶². Plenty of literature exists regarding fundraising for NPOs and NGOs, and how an organization may combine activities, channels, skills, and tools to excel at fundraising. Further information and examples for fundraising activities, fundraising channels as well as for fundraising skills and tools are provided in the appendix XII, XIII and XIV respectively. While some sources state that individual NGOs spend more and more resources on fundraising in order to continuously attract donors¹⁶³, Riddell concludes the opposite. He sees current approaches and tools to be highly effective and efficient, and despite plenty of talk about ‘aid fatigue’,

¹⁶² Riddell R. 2007, p. 260

¹⁶³ Weber V. 2009

the private funding of NGOs has risen steadily over the past 15 years, with short-term economic downturns having little or no impact on the long-term expansion of private donations¹⁶⁴. Regardless of aid fatigue, strategic aspects of fundraising as well as aligning fundraising to the NGO's values and activities influence the operational priorities of the development aid NGOs.

Given the importance of fundraising (Peter Drucker sees it as greatest single difference between NPOs and businesses or governments¹⁶⁵), and based on the understanding that NPOs and NGOs raise most of their funds from donors, fundraising is a prerequisite for any activity, and it must be of major interest at all levels of NPOs and NGOs. Some executives believe that raising money is actually the mission of an NPO¹⁶⁶. Drucker highly disagrees with such a definition of the NPO's mission, he even concludes that executives or institutions that say so do face an identity crisis. He rather suggests that NPOs must create constituency, which is based on objectives and activities, and which attracts donors that support a NPO because the NPO deserves their support. Therefore, organizations must move from fund raising (collecting money) to fund development (creating constituency)¹⁶⁷. Drucker suggests building on the intrinsic motivation of donors, i.e. stopping to approach them by saying 'here is the need' and instead present them 'this is what you can do'. This requires NPOs engaging with donors emotionally, leading to donors recognizing personal advantage through their contribution, and they may even feel responsible for the NPOs' visions to become reality¹⁶⁸. To achieve such close relationships with donors, NPOs must raise the awareness of donors and their understanding for the beneficiaries and their requirements¹⁶⁹. Besides emotional engagement, the constituency approach offers an additional benefit for NPOs: donors recognize that they donate to support the cause rather than the NPO. Therefore, donors build trust that their funds ultimately flow to the beneficiaries, with the NPOs only holding the funds in trust for the donors, i.e. being the "guardians to make sure the money is used for the results for which it has been given"¹⁷⁰.

If an organization wants to win the donor's hearts, it cannot do so with facts and figures only¹⁷¹. Peter suggests that NPOs, through fundraising activities and communication, try to

¹⁶⁴ Riddell R. 2007, p. 261

¹⁶⁵ Drucker P. 2005, p. 56

¹⁶⁶ Drucker P. 2005, p. 56

¹⁶⁷ Drucker P. 2005, p. 56

¹⁶⁸ Peter T. 2008, p. 36

¹⁶⁹ Peter T. 2008, p. 31

¹⁷⁰ Drucker P. 2005, p. 57

¹⁷¹ Peter T. 2008, p. 24, and similarly Drucker, concludes that in fund development, an organization must appeal to the head and the heart simultaneously when setting results for activities/efforts, reporting the achieved results back to the donors, and educating donors how to recognize and accept results (Drucker P. 2005, P. 58).

invoke behavioral change of all donors, and to use marketing tools to eliminate existing perceptions and build up new ones (which requires knowledge of current donor behavior as well as current perceptions)¹⁷². But invoking change is a difficult process, with multiple barriers, and the necessary education of donors has a low immediate benefit for the NPO, as well as a low entertainment value for the donor. Therefore, Peter suggests applying what he calls a ‘dual marketing strategy’: while trying to invoke behavioral change (in selected donors) and turn these donors into supporters, NPOs shall also apply simple fundraising approaches to collect funds short-term¹⁷³.

Besides defining appropriate fundraising activities, channels, skills and tools, NGOs must ensure that their fundraising is aligned with their operation, i.e. that the NGOs can live up to the promises that they make to donors. While some activities that NGOs engage in may bear risks regarding living up to the promises or to the expectations of donors¹⁷⁴, partnerships are a second example of how fundraising and operations must be closely aligned. While Peter acknowledges the importance of partnerships, the tasks and activities of all partners, as well as how they are executed, must be ideationally compatible with what the own organization stands for¹⁷⁵. Any co-operation provokes signaling to donors. And such signals may lead to a transfer of image or reputation, and if the own reputation decreases, the initial objectives of increased fundraising power might diminish, lose weight or even lose ground¹⁷⁶. In addition to the risks arising from the NGO’s activities, fundraising approaches themselves may bear risks that need to be considered. According to Peter, respective examples include donor’s stagnating willingness for donation to an ever-increasing number of disaster and emergency relief NGOs¹⁷⁷, as well as donations based on risk aversion instead of on problem awareness, i.e. donations are granted for the wrong reasons¹⁷⁸.

To summarize the overview of NGO fundraising, it can be said that respective approaches, activities and channels need to be thoroughly balanced with other organizational aspects,

¹⁷² Peter T. 2008, p. 26. Peter suggests the following steps to invoke behavioral change of donors: message has to reach the recipients, it needs to be perceived, understood, retained, motivating to connect the message with one’s own benefits (which leads to changed beliefs), and last but not least the changed beliefs must be repeatedly convinced in order to lead to change in behavior (Peter T. 2008, p. 26).

¹⁷³ Peter T. 2008, p. 24

¹⁷⁴ Peter mentions disaster and emergency relief initiatives as an example. For NPOs that engage in disaster and emergency relief projects, finding donors that are already highly intrinsically motivated and highly emotionally concerned may be easier and the above-mentioned behavioral change may even have already happened. However, such disaster and emergency relief donations are typically accompanied by donors’ expectations for immediate actions, short-term results and some illustrative successes - which might be difficult to fulfill not only because some time is required to assess the situation and to coordinate aid, but also because some of the money has to be saved for the subsequent reconstruction (Peter T. 2008, p. 29).

¹⁷⁵ Peter T. 2008, p. 17

¹⁷⁶ Peter T. 2008, p. 17

¹⁷⁷ Peter T. 2008, p. 23

¹⁷⁸ Peter T. 2008, p. 30

mainly with donor and stakeholder management as well as with the NGO's values, vision and its operational priorities and capacities. The next paragraphs now take a closer look at the main operational task of NGOs: conducting projects.

2.2.5.2 Conducting Projects: Time-to-Achievement Model

While section 2.3 will provide detailed considerations regarding project management of development aid NGOs, this paragraph introduces the time-to-achievement model for NGOs, i.e. the timeline of projects and achievement of results.

Projects of development aid NGOs must lead to changes in people's lives (see paragraph 2.2.2). Looking at the measurement of such life changing projects, Drucker concludes that first, the results are always outside of the organization and never inside¹⁷⁹, and second, because of their objective to achieve long-term results, NGOs must base their activities on fundamental, typically non-testable assumptions (e.g. 'the longer the children are in school, the more they learn')¹⁸⁰. The combination of Drucker's conclusions regarding the difficulty to measure long-term benefits, i.e. measure these fundamental, non-testable assumptions, with Easterly's suggestion to thoroughly evaluate success (see paragraph 1.2) leads to a dual approach for performance measurement: ensuring short-term project outcome and at the same time strive for long-term impact for beneficiaries.

The combination of the idea of dual term results measurement with the fact of time-bound projects being the primary tools to achieve change¹⁸¹ leads to the following two conclusions regarding the relationship of project time and project achievement (time-to-achievement model). First, the short-term results of NGO activities (i.e. output¹⁸² and outcome¹⁸³) start to materialize shortly after the project activities begin and such short-term results are achieved fully, or at least to a great extent, during the project duration, i.e. during the NGO's

¹⁷⁹ Drucker P. 2005, p. 140

¹⁸⁰ Drucker P. 2005, p. 62

¹⁸¹ See Zischg K. 1998, p. 500 (project oriented organizations are efficient in escaping formal hierarchies as well as solving complex questions) and Tiebel Ch. 1998, pp. 123ff (strategic performance measurement should focus on project management and deviations from project plans during project execution).

¹⁸² Outputs of a development aid project can be defined as direct measurable results (goods and services) of carrying out the planned project activities (Crawford P./Bryce P. 2003, p. 365) or as the direct products of the project activities, including types, levels, and targets of products and services to be delivered by the project (W.K. Kellogg Foundation 2004, p. 2).

¹⁸³ Outcome of a development aid project can be defined as the expected results of producing the planned outputs, with the project hypothesis being that the combined effect of producing outcomes will be the realization of the project goals (Crawford P./Bryce P. 2003, p. 365), or as the specific changes in project participants' behavior, knowledge, skills, status, and level of functioning, with short-term outcomes being attained within one to three years, and long-term outcomes being achieved within a four- to six-year timeframe (W.K. Kellogg Foundation 2004, p. 2).

involvement. Secondly, for the long-term results (i.e. impact¹⁸⁴), the achievement ratio is different: while some of the long-term results may be achieved within the project duration (or at least with strong evidence indicating that they will be achieved), the majority of the long-term results and therewith the ultimate objective of the NGO's intervention will only be achieved after the project has been concluded (see figure 7).

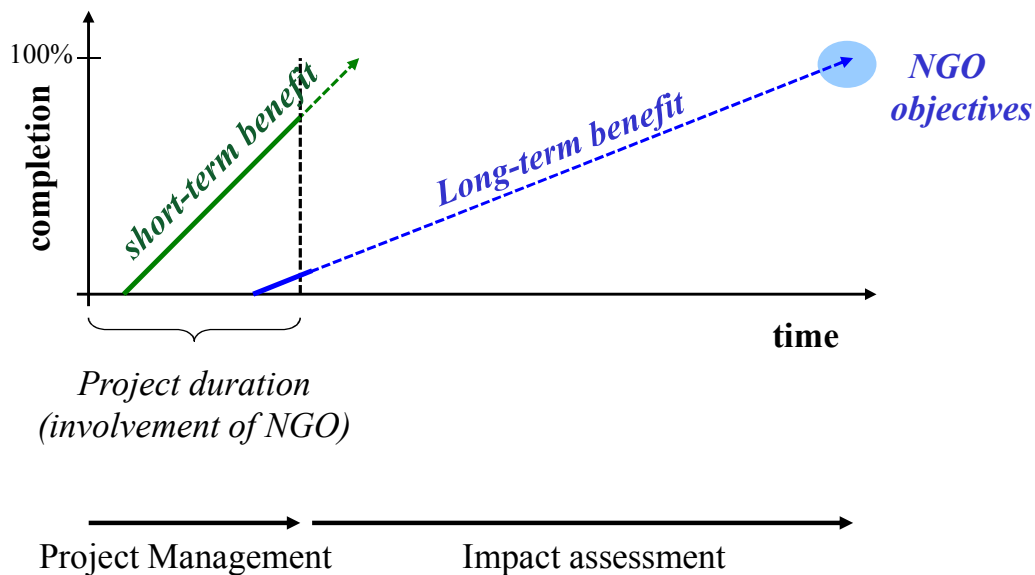


Figure 7: Development Aid Project Time-to-Achievement Model (own Illustration)

The time-to-achievement model leads to different considerations for NGOs. First, NGOs must primarily consider and decide upon the duration of the project. With longer projects development aid NGOs can build comprehensive understanding regarding fundamental assumptions and related challenges, which allows developing approaches that fully achieve long-term results in future projects. However, extensive project durations may conflict with other intentions such as the engagement with beneficiaries or the early handing over of responsibility to beneficiaries. One approach to address this trade-off might be for NGOs to keep one foot in the door, e.g. through payment of salaries for selected activities or by purchasing the products that beneficiaries start producing as income generation aspect during the project.

A second consideration arising from the time-to-achievement model is the group of beneficiaries to be served. Drucker describes that NGOs may select specific groups of

¹⁸⁴ Impact can be defined as the sustainable development outcome expected at the end of the project, to which all outcomes contribute to (Crawford P./Bryce P. 2003, p. 365), or as fundamental intended or unintended changes occurring in organizations, communities or systems as a result of project activities which may be achieved within seven to 10 years (W.K. Kellogg Foundation 2004, p. 2).

beneficiaries which allow the NGOs to show successful results quickly and claim efficiency in using the funds. But by doing so, NGOs may compromise on the long-term benefits, i.e. jeopardize effectiveness, i.e. the NGO decides in favor of easy and quick results instead addressing the true problem of the poor of the poor¹⁸⁵. Again, a NGO may decide to take a middle-ground approach by setting up two types of projects, one to spend resources efficiently on what delivers quick results (by using proven methodologies, technology, etc.) and a second type of project which has a more innovative, experimental character to test new approaches for the poor of the poor. Such dual project approaches are also supported by Easterly who suggests to experiment to find out what works (see paragraph 1.1, principle three: experimental projects) and multiplying what has been proved to work (see paragraph 1.1, principle five: multiplication projects).

Regardless of what decisions the NGO takes regarding the time-to-achievement model, especially project duration and groups of beneficiaries, the decisions will influence how projects are managed, what resources are necessary, and how the projects will be assessed regarding efficiency, effectiveness and learning. In summary, there is no single best project approach for NGOs. Rather, NGO executives have to take different decisions for their respective projects in order to design them in the best possible way for the organization's vision and mission. These decisions must describe priorities, use of resources, expected results, as well as acceptable space for flexibility.

After having discussed fundraising and the time-to-achievement model as internal challenges of development aid NGOs, the following paragraphs look at employees and volunteers as the third main internal challenge. While the first two internal challenges mainly require structural approaches, the challenges arising from employees and volunteers mainly ask for leadership approaches successful management.

2.2.5.3 Employees and Volunteers

Jäger/Beyes focus their discussion of NPO business models on voluntarism, which is unique to the NPO sector¹⁸⁶. Volunteers are people who offer their capabilities and experiences to the NPO without getting any material compensation, i.e. they do not get their satisfaction

¹⁸⁵ Drucker P. 2005, p. 108. Drucker uses the example of teaching Mexican immigrants in the USA and therewith support their social integration. For the biggest impact, a NPO teaches immigrants without any prior English knowledge. For maximum results, the NPO teaches immigrants that do already have some basic English knowledge and therewith achieve social integration fast, e.g. get jobs However, the second group of immigrants may have increased their English skills without the initiative of the NGO.

¹⁸⁶ Jäger/Beyes 2008, p. 43

from the salary, but from the work itself¹⁸⁷. Drucker assumes that volunteers see a social, moral or ethical compensation in what they are contributing to: when asking volunteers why they dedicate their time for a NPO after a full day at their paid job, they answer “because here I know what I am doing, here I can contribute, here I am a member of a community”¹⁸⁸. Therefore, volunteers are motivated intrinsically to support the NPO’s cause.

While motivation of volunteers does not seem to be a problem, leading them is¹⁸⁹. Jäger/Beyes suggest different approaches for the NPO to still achieve its objectives. First, NGOs must attract and retain the right volunteers, by offering them the best possible environment (based on what the volunteers are looking for, i.e. what social, moral and ethical rewards they see) and by offer volunteers opportunities for advancement¹⁹⁰. Such advancement requires a joint learning process involve superiors and peers, i.e. volunteers should have an arena to speak up freely. However, rooted in the diversity of disciplines and stakeholders that a NPO may be confronted with, a common understanding will only be reached if everybody involved in such critical feedback and learning processes adopts multi-discursive and multi-disciplinary thinking¹⁹¹ (see appendix IV).

Second, Jäger/Beyes suggest a motivational leadership style for NGOs which includes¹⁹²:

- Recognizing efforts, performance and good intention of people
- Staff development (supporting them individually to reach their full potential)
- Respecting opinions and cautiously integrating positions
- Implementing change and innovation by looking for supporters and building up alliances
- Executives showing presence, being physically around and approachable for all staff
- Maybe deprivation of attention if a volunteer remains unmotivated.

And third, Jäger/Beyes suggest integrating opposing positions, i.e. acting multi-discursively (see paragraph 2.2.4.2). Such integration of opposing positions complements the motivational leadership techniques described above with information being broadly available to staff, open communication with staff at all levels, and allows for and incorporates discussions, including controversial discussions¹⁹³.

¹⁸⁷ Jäger/Beyes 2008, p. 43

¹⁸⁸ Drucker P. 2005, p. xviii

¹⁸⁹ Jäger/Beyes 2008, pp. 43f: hierarchical leadership is not applicable, discussing accomplishment is difficult, career planning is impossible (because hierarchy levels do not exist), and financial incentives are impossible.

¹⁹⁰ Jäger/Beyes 2008, pp. 43f

¹⁹¹ Jäger/Beyes 2008, pp. 61ff

¹⁹² Jäger/Beyes 2008, pp. 66ff

¹⁹³ Jäger/Beyes 2008, pp. 73ff

Drucker agrees with Jäger/Beyes that hierarchies are mostly absent in NPOs and that NPOs need to emphasize information and communication. To accommodate the information requirement, he suggests a concept that he calls ‘information responsibility’¹⁹⁴. Information responsibility, together with communication, leads to predictability and mutual understanding, which are necessary prerequisites to create trust (on which organizations are based). While trust is important in any organization, it is even more important for NPOs where the work depends on many volunteers over whom the organization has limited control¹⁹⁵. And as betrayal hurts NPOs even more than it does any other organizations, because everyone is dedicated to the same cause, insisting on clarity of commitments¹⁹⁶ and relationships, as well as on everyone taking responsibility of making oneself understood, is essential¹⁹⁷.

According to Drucker, information responsibility and broad communication will lead to constructive dissent¹⁹⁸, which NPOs shall allow for, because any successful organization needs non-conformists in order to have things changed¹⁹⁹. To foster but still guide dissent in a constructive direction, Drucker suggests applying the following two leadership techniques:

- **Have the staff go outside of the organization often enough:** “there are no results inside the organization” – therefore, everybody should be outside the organization often enough to understand and remember what the NPO exists for²⁰⁰.
- **Decision approach:** Drucker sees decisions are the make and break of an organization and suggests the following three conclusions²⁰¹: first, given the importance as well as the time required to take decisions, rather make fewer decisions, but the important ones. Second, decisions must always equally look at opportunities (what will it do for us?) and at risks (can we afford the risk, will it harm us?), and try to balance them. And third, “decisions are commitments of present resources to the uncertain future”²⁰², and making decisions includes designating someone to carry it out. Before such designation, the decision is only an idea (and decisions need to be marketed, i.e. find the one who takes the responsibility to carry out the decision). As decisions target the future, adjustments to decisions are

¹⁹⁴ According to Drucker, high and full information responsibility describes a situation where the following two questions are fully answered and mutually clarified within an organization: 1) what information do I need to do my job? From whom do I get it how and by when? 2) what information do I owe others so they can do their job? In what form to they need it by when? (Drucker P. 2005, p. 115).

¹⁹⁵ Drucker P. 2005, p. 116

¹⁹⁶ Such clarity is especially important for delegation: in order for delegation to be productive, it needs rules, tasks, goals, and deadlines that are clearly defined, understood, and agreed-upon (Drucker P. 2005, p. 117).

¹⁹⁷ Drucker P. 2005, p. 117

¹⁹⁸ Drucker P. 2005, p. 120

¹⁹⁹ Drucker P. 2005, pp. 124f

²⁰⁰ Drucker P. 2005, p. 120

²⁰¹ Drucker P. 2005, pp. 121ff

²⁰² Drucker P. 2005, p. 129

likely²⁰³, i.e. decisions need to be ‘bailed-out’²⁰⁴, and such bailout alternatives as well as the respective responsibility must be built into the initial decision.

In summary, adequate leadership approaches are the answer that Jäger/Beyes as well as Drucker suggest to address the lacking formal structures and hierarchies of NPOs with. While Jäger/Beyes list a set of best-practice leadership approaches, Drucker’s suggestions are of more general nature. He suggests information responsibility, with staff going outside of the organization often enough, and executives thinking thoroughly about their decisions.

While Drucker and Jäger/Beyes base their analyses of challenges related to employees and volunteers on the lacking formal structures and hierarchies of NPOs, other authors start their analyses by looking at the relationship between NPOs and their employees and volunteers. José Alatrística and James Arrowsmith as well as Les Silverman and Lynn Taliento conclude that employees and volunteers tend to identify themselves more with the NPO’s cause and the specific task that they work on than with the organization or with the superior that they work for²⁰⁵. Therefore, success in leadership cannot be based on hierarchical power, instead it must root in respect, appreciation and recognition by subordinates²⁰⁶. Alatrística/Arrowsmith assume that competences, decision structures, and therefore the de facto organizational structure, are based on individual knowledge, contribution and commitments of executives and staff²⁰⁷ rather than on organizational hierarchy and seniority²⁰⁸. With this conclusion, the authors are in strong agreement with the leadership approaches suggested by Jäger/Beyes and Drucker.

A third reason for challenges related to employees and volunteers is a tension between paid employees and unpaid volunteers that seems to exist. This tension works in both directions: a paid executive of the American Red Cross is “... tired of my livelihood depending on someone else’s hobby” (i.e. he depends on volunteers that are not professional enough, change opinions on short notice, do not hold up to duties and promises, see themselves as superior employees because of their intrinsic motivation, and can excerpt significant power by not following orders)²⁰⁹. At the same time, unpaid volunteers see themselves as being only good enough to execute decisions that have been taken by paid employees (i.e. there is

²⁰³ According to mathematics probability, decisions are more often wrong than not (Drucker P. 2005, p. 129).

²⁰⁴ Drucker P. 2005, p. 129

²⁰⁵ Alatrística J./Arrowsmith J. 2004, p. 544 and Silverman L./Taliento L. 2005, p. 3

²⁰⁶ Silverman L./Taliento L. 2005, pp. 9f

²⁰⁷ Commitment can be understood as a mind-set in which individuals consider the extent to which their own values and goals are congruent with the ones of the organization (Alatrística J./Arrowsmith J. 2004, p. 537).

²⁰⁸ Alatrística J./Arrowsmith J. 2004, p. 537

²⁰⁹ Oster S. 1995, p. 229; Molyneaux D. 2004, pp. 16ff

a lack of strategic involvement of volunteers, volunteers feel that they are not taken seriously by paid employees, and they feel like they do not have enough competence to take on responsibility)²¹⁰. Trying to such tensions requires a sound understanding why volunteers dedicate their time to the NGO and what their expectations are. Based on this understanding, a mutual understanding of employees and volunteers may be developed, which the motivational leadership approaches may support. Nevertheless, addressing these tensions with specific and symbolic initiatives is still necessary, e.g. through strategic involvement of volunteers or giving volunteers executive power.

The next paragraphs discuss the fourth internal challenge for development aid NGOs, i.e. customer orientation. Similarly to the challenges arising from managing employees and volunteers alike, these challenges must be largely addressed through respective leadership approaches.

2.2.5.4 Customer Orientation

NPOs typically do not charge beneficiaries for the services that they render, instead they raise funds from donors through fundraising²¹¹. Exceptions do apply, e.g. beneficiaries pay for some services or some aspects of services, or NPOs enter contracts with governments in order to undertake activities in the name of the government. However, it can be assumed that a significant portion of non-repayable financial resources is received from donors. Some authors therefore raise the question, who the customers of NPOs are: the beneficiaries or the donors? According to appendix IX, a majority of authors see the beneficiaries as the NPO's main customers. Still, NPOs have to be active on both markets, on the beneficiary market as well as on the donor market. On the donor market, NPOs get access to funds to conduct their projects. On the beneficiary market, NPOs offer the right services to the right beneficiaries to fulfill their mission.

While agreeing that beneficiaries are the NPO's main customers, there are some significant differences regarding how NPOs deal with their customers compared to what for-profit literature suggests as customer management approaches. Besides the fact that beneficiaries do not or only partly pay for the costs that are incurred by serving them, Maria Bono sees the following two main particularities in customer management approaches of NPO²¹²:

²¹⁰ Molyneaux D. 2004, p. 17; Schwarz P. et al. 2004, pp. 76f and p. 99

²¹¹ Bono M. 2006, p. 38

²¹² Bono M. 2006, pp. 37f

- First, NPOs do not have a long-term customer relationship: for NPOs it is actually desirable to ‘lose’ customers²¹³. Exceptions may apply, e.g. museums or operas wish to see their visitors to come back repeatedly.
- Second, NPOs have more power than customers as the beneficiaries are oftentimes in some kind of emergency situation, distress or extreme cause with limited decision options, which is especially prominent in official development aid²¹⁴. Bono even concludes that NPOs have the power to define what they regard as the beneficiaries’ problems and they also decide to serve²¹⁵.

Based on this understanding of NPOs and their customers, Bono suggests that NPOs shall implement customer orientation initiatives in order for NPOs to gain an in-depth understanding regarding who their current and future customers are, how to serve them to their full satisfaction (e.g. what their understanding of quality is and how the respective quality level can be achieved), and how to evolve and develop their customers²¹⁶.

After having discussed all four complexities arising from within development aid NGOs, the following paragraph summarizes the external and internal complexities and draws conclusions for the Sustainability Measurement Framework.

2.2.6 Conclusion managerial and organizational Aspects

The review of managerial and organizational aspects of development aid NGOs, leads to the following findings regarding the Sustainability Measurement Framework:

- **Conduct time-bound projects, strive for impact, and remain independent:** the definition of development aid requires that organizations undertake projects (i.e. interventions) that directly or indirectly contribute to positive change in people’s lives regarding living standards, self-esteem, choices and freedom. Such projects have short-term as well as long-term results, and respective time-to-achievement cycles must be understood and the activities must be time-bound. In addition, all organizations engaging in the projects are required to be largely independent,

²¹³ Bono M. 2006, p. 52. Examples include: farmers in a developing country increase living standards and do no longer need agricultural development aid; a hospital sends a patient home because he or she is healed; or young adults unsubscribe from the children football clubs that they attended for several years because they have become responsible, self-contained young adults.

²¹⁴ William Easterly says that in official development aid, the customers are served by development agents, which are controlled by rich-country politicians (either directly through bilateral aid, or indirectly through the World Bank’s or the IMF’s multilateral aid). And as politicians are influenced by the opinion of voters, voters and politicians in rich countries effectively decide on foreign aid. And politicians love “promises of easy solutions, the utopian dreams, the side benefits for rich-country political or economic interests” (Easterly W. 2006, P. 169).

²¹⁵ Bono M. 2006, p. 38

²¹⁶ Bono M. 2006, pp. 52f

otherwise they may compromise on the changes in people's lives because of external interests of third parties (see paragraph 2.2.1).

- **Balance project flexibility and execution efficiency:** as projects are new to everyone, they must allow for some flexibility regarding execution (e.g. build bailout into the initial decisions) and the project's partnerships should survive the project duration, i.e. allow for reunions and assessment of long-term impact. At the same time, development aid NGOs must remain flexible regarding different aspects, this flexibility, however, must not jeopardize execution efficiency. Therefore, NGOs must decide on the few necessary and important flexibility aspects.
- **Re-design projects, communicate and learn:** given the NGO's external environment, especially the complexities related to the realities in developing countries, adaptation of interventions and projects to specific situations is likely to be necessary. A 'one size fits all' approach, i.e. one project approach suites all beneficiaries, is unlikely to be successful. A prerequisite successfully adapt projects to new situations is feedback and learning from previous activities and undertakings. Only if NGOs receive and allow for sufficient feedback, as well as seek for learning from experience and feedback, they will be able to move project approaches forward (see paragraph 2.2.4).
- **Engage with donors, staff and beneficiaries:** given the importance of fundraising, its success is critically important for NGOs. Engaging with donors emotionally seems to be the most promising, but at the same time the most costly approach. Therefore, grouping donors and approaching each group most effectively and efficiently is crucial. Besides emotional engagement with donors, development aid NGOs must engage with staff through emotional leadership to overcome the lack of hierarchies and structures, as well as to overcome the tensions between employees and volunteers. Development aid NGOs must allow for transparent information and communication, with everybody knowing what information to receive and what information to provide (i.e. information responsibility). But open communication does not stop at the NGO's boundaries, instead it must reach out to the beneficiaries, incorporating their feedback, allowing for true participation, and learn what works at grassroots level (see paragraph 2.2.5).

The conclusions listed above summarize the definition of aid, development aid, NGOs, and discussions on managerial and organizational aspects, namely internal and external challenges, for development aid NGOs. Development aid NGOs that aim to increase sustainability and the impact of projects and the NGO as a whole need to reflect these aspects for their specific projects and the countries that they are active in and define

approaches, processes, tools and management as well as leadership tasks to address the arising challenges. After having concluded these managerial and organizational aspects, the following section turns to a discussion of project management, as projects are the prime approach for development aid NGOs to bring about change to people's lives.

2.3 Project Management for Development Aid NGOs

The following paragraphs discuss the aspect of project management for development aid NGOs. Projects are a key concept in development aid²¹⁷, and therefore the management of such projects enjoys specific importance for development aid NGOs.

While different project definitions exist, few of them serve the purpose of development aid NGOs. Appendix XV discusses different approaches to project definitions and chooses the following project definition for this thesis: *a project is a shared commitment by multiple partners to undertake one or more unique, temporarily finite, purposeful, multidisciplinary, intended, or effective undertakings that are or may become of high importance, and are defined by a critical situation and a high urgency, that require particular organizational dispositions, and that surpass each partner's current area of influence and responsibility.* This definition allows a broad range of activities and even ideas to be defined as projects. This range, as well as the fact that different phases of the project require different disposition and management approaches (see appendix XV), require clarification of subsequent, related terms such as project partners, project team, etc. (see appendix XV). The following paragraphs complement this definition by introducing and discussing the specifics and particularities of development aid projects. First, the Project Management Cycle (PMC), a project management model that often applies for development aid situations, is discussed, followed by the discussion of result grades that development aid projects must achieve in order to bring about change in people's lives. In order to better understand how managers may navigate through the project phases in order to achieve the envisioned results, the third and fourth sections summarize specific characteristics and risks of development aid projects and project success factors respectively. Finally, an analysis of all project management elements regarding their leverage for the sustainability of development aid projects and development aid NGOs²¹⁸ concludes the discussion of development aid projects.

²¹⁷ Crawford P./Bryce P. 2003, p. 363

²¹⁸ As set out in the design criteria for the framework (see paragraph 1.2), the framework shall integrate existing measurement and management undertakings, as well as the respective processes and tools, complementing them with sustainability tasks. The integration shall leverage existing tools and processes for sustainability, allowing them to be enriched and to serve, in combination with the additional sustainability tasks, the purpose of assessing, planning and increasing the organization's sustainability and activities.

2.3.1 Project Management Cycle (PMC)

According to Rachel Blackman, PMC is a process of planning and managing projects, programs and organizations, which is widely adopted in development aid projects and organizations. PMC decreases the risks of project failures because of weak planning²¹⁹. While PMC is broadly adopted by development aid organizations, the Novartis Foundation for Sustainable Development as well as EuropeAid, the EU co-operation office, not only use PMC themselves, they also require partnering organizations to adopt PMC. In addition, both the Novartis Foundation for Sustainable Development as well as EuropeAid also adopt and require to adopt the Logical Framework Approach (LFA, also referred to as logframe²²⁰) in combination with PMC²²¹. Besides building on the general concepts, EuropeAid also introduced some specific modifications to PMC in order to accommodate the particular circumstances that arise from development aid projects and the environment that they are applied in²²². Table 1 provides a comparison of PMC phases suggested by Blackman, the Novartis Foundation for Sustainable Development, and EuropeAid²²³. In summary, all of them suggest similar phases, but they use different names to describe these phases.

Blackman	Novartis Foundation for Sustainable Development	EuropeAid
Identification	Project Identification	Identification
Design	Preparation and Design	Appraisal
Implementation	Detailed Planning	Financing
Evaluation	Monitoring	Implementation
Lesson Learning	Project Review and Evaluation	Evaluation
	Impact Assessment	Programming

Table 1: Comparison of different PMC Approaches (Blackman R. 2003, Novartis Foundation 2005, EuropeAid 2002)

Following the terminology of the Novartis Foundation for Sustainable Development, PMC suggests the following six project phases with the respective tasks:

²¹⁹ Blackman R. 2003, p. 7

²²⁰ The Logical Framework Approach (LFA) is a way of organizing information and activities in a way that a number of different viewpoints can be simultaneously assessed and mapped in a complementing rather than an opposing model (IICA 1991, p. 44). For a detailed discussion of LFA see paragraph 3 of appendix XXXIII.

²²¹ Novartis Foundation 2005, pp. 11f

²²² EuropeAid 2002, p. 1

²²³ Blackman R. 2003, p. 10, Novartis Foundation 2005, p. 14; EuropeAid 2002, p. 3

1. **Project Identification:** conceiving and formulating the initial project idea. At this step, the perspective is still very wide and the information available is usually very limited. The focus is on the context and justification of the idea, to establish the future project scope, and to anticipate effects that the project results in²²⁴.
2. **Preparation and Design:** identification of the basic project structure, the main external factors and the elements of the monitoring system. This identification is still at a general level, i.e. not yet at the level of detailed activities and inputs, but rather at the level of defining overall goals, objectives, beneficiaries, project strategy, and organizational structures. This phase compiles all existing information and it assesses the need for additional or more specific information, including detailed aspects²²⁵.
3. **Detailed Planning:** defining the activities and inputs necessary to achieve the expected outputs, further refining the monitoring system, as well as defining time schedules and budgets²²⁶.
4. **Monitoring:** after the detailed planning is approved, implementation can start. Monitoring is the systematic and continuous collection and analysis of information about the progress of a project over time. Monitoring aims to identify strengths and weaknesses in a project and it provides sufficient information to project partners in order for them to take the necessary decisions²²⁷.
5. **Project Review and Evaluation:** the purpose of reviews and evaluations is a combination of learning, guidance and control. The focus is on assessing the results and the relevance of the project in relation to the objectives and target groups²²⁸.
6. **Impact Assessment:** systematic analysis of the lasting changes. It is concerned with the medium- to long-term implications of the project. Such assessments extend project results, i.e. they also include assumptions of expected, unintended, positive as well as negative impacts²²⁹.

PMC seems to be a proven project phasing approach for development aid projects²³⁰. However, based on the analysis of development aid NGOs and the respective particularities and risks (see appendix XVII), I suggest two main considerations regarding PMC. The first consideration is related to the idea of pilot studies or proof-of-concepts (i.e. approaches such as ‘start simple, grow fast’, or to test, adjust and multiply what works), which are weakly represented in the PMC but are seen to be of critical importance in Easterly’s principles on

²²⁴ Novartis Foundation 2005, pp. 18f

²²⁵ Novartis Foundation 2005, p. 20

²²⁶ Novartis Foundation 2005, p. 21

²²⁷ Novartis Foundation 2005, pp. 22f

²²⁸ Novartis Foundation 2005, p. 24

²²⁹ Novartis Foundation 2005, p. 25

²³⁰ Crawford P./Bryce P. 2003, p. 363

how to fix development aid see to be of critical importance (especially according to principle three and five, i.e. to experiment and to get money for what has proved of value, see paragraph 1.1). While one might agree that PMC is flexible enough to accommodate both types of Easterly's projects, i.e. multiplication as well as experimental projects (see paragraph 2.2.5.2), adding a separate pilot phase for experimental projects ensures that the specific requirements for measurement, documentation, and information are met. Similar conclusions apply for projects that require approaches such as prototyping or simultaneous engineering (e.g. in cases when an existing technology needs to be adapted to the local conditions, see appendix XVII), and if success factors should be explicitly included as milestones (e.g. adding 'Information and Documentation' to ensure proper learning from the prototype before multiplying the project). Therefore, while PMC is flexible enough to accommodate extensions regarding pilot study, prototyping and simultaneous engineering (i.e. the phases 'Preparation and Design' and 'Detailed Planning' are broad enough to allow for multiple sub-phases to be included), specific additional considerations are required (e.g. extension of documentation, adjustment of monitoring and review, etc.).

The second consideration regarding PMC is related to the evaluation approach. While I agree to distinguish between monitoring, review, evaluation, and impact assessment, or at least to clarify how an organization defines these four tasks, I do not see them as distinct, sequential phases as PMC suggests them to be. Instead, I follow the understanding suggested by John De Coninck et al. that the boundaries between monitoring and evaluation are artificial²³¹. Therefore, it is important to provide specific tools and processes for each task in order to use them consistently throughout the respective project (and potentially throughout the organization), which consequently helps to avoid confusion among project partners²³². Looking more closely at the PMC phase 'Impact Assessment', it seems to overlap with review and evaluation. However, following the time-to-achievement model (see figure 7 and paragraph 2.2.5.2), the impact of a project can only be assessed after project completion, i.e. after the main project activities have been concluded. Consequently, monitoring project progress, i.e. assessing the project status and compare it with the planned project status, takes place prior to impact assessment, and overlapping is minimal.

On the basis of the above discussion on result measurement, I conclude that planning, monitoring and evaluation are ongoing cycles that may apply at any time during the project

²³¹ De Coninck et al. distinguish monitoring and evaluation by the respective frequency and by the respective actions taken upon the information provided. While monitoring takes place regularly during the preparation and implementation of the project, aiming to derive mid-term corrective suggestions, evaluation takes place once a year (or at the end of the project) as an opportunity to look back, identify areas of strength, learning, and improvements (De Coninck J. et al. 2008, p. 13).

²³² De Coninck J. et al. 2008, p. 13

to foster ongoing learning. Furthermore, a backward link from monitoring and evaluation into planning, i.e. allowing or even enforcing re-planning if monitoring or evaluation shows worse than expected statuses or results, must be established to ensure the project's ongoing success. Therefore, result measurement is a single, integrated task that takes place throughout the project, that should take place at all levels of an organization instead of at a single project level only, which should empower learning by changing mind sets and attitudes, and that should be a regular practice instead of a one-off training event²³³. Such a result oriented measurement approach, encompassing planning, monitoring, evaluation, as well as impact assessment, will lead to "learning as one goes along"²³⁴ and it is best suited to support the NGO's overall project work²³⁵. Nevertheless, I agree with the implicit requirement of PMC that monitoring, evaluation and impact assessment have different objectives, they potentially use different data from distinct sources, and they typically lead to different decisions to be taken. I also support the idea to keep them separate regarding who is conducting them, at what time, with what resources, and for what purpose. But I suggest that the results and findings are broadly shared, which might lead to a broader than initially anticipated application of results, followed by discussion, feedback and learning. NGOs should allow for such extensions (at least to a certain extent), especially if the results show significant differences of current project statuses, progress and results compared to what was intended in the plan.

While PMC is widely used and suitable for development aid NGOs, I suggest the following two extensions: first, in order to accommodate the two project types that Easterly implicitly calls for (see paragraph 1.1), project managers must be open to include other project phases (e.g. pilot study) as well as other project management approaches (e.g. prototyping) into PMC approaches. Respective managerial considerations may be drawn from other project management models (see appendix XV). And secondly, planning, monitoring, evaluation and impact assessment should be understood as an integrated result management approach with each having distinct tasks, but with blurring boundaries regarding communication, learning and actions to be taken.

The following paragraphs now turn to the results and the different result grades that the project phases aim to achieve in order to accomplish the overall objective of the development aid NGO.

²³³ De Coninck J. et al. 2008, p. 5

²³⁴ De Coninck J. et al. 2008, p. 6

²³⁵ De Coninck J. et al. 2008, pp. 4ff

2.3.2 Result Grades of Development Aid Projects

As described in paragraph 2.2.5.2, development aid projects have short-term, mid-term, as well as long-term results, i.e. outputs, outcomes and inputs. While most NPO-related performance models as well as major development aid agencies explicitly or implicitly agree with these three result grades, the grades are called differently (see table 2 for the names used by selected agencies)²³⁶. According to De Coninck et al., these three grades are hierarchal, i.e. in order to achieve the overall objective (grade 3 results), successful grade 2 results are necessary, and to achieve these grade 2 results, successful grade 1 results are necessary²³⁷. They conclude that in this hierarchy, planning, monitoring and evaluation approaches (PME) provide the tools, procedures and methods²³⁸ to achieve the results at all grades, and thus, PME should be of high priority for development aid NGOs²³⁹.

Agency	Grade 1 result	Grade 2 result	Grade 3 result
CARE	Output	Intermediate goal	Final goal
DANIDA	Output	Immediate objectives	Development objective
EU	Expected results	Project purpose	Overall objectives
GTZ	Results / outputs	Project purpose	Overall goal
UN Agencies	Outputs	Effect	Impact
USAID	Intermediate results	Strategic goal	Final goal
World Bank	Outputs	Project purpose	Goal

**Table 2: Result Grades of different Development Aid Agencies
(De Coninck J. et al. 2008)**

The Logical Framework Approach²⁴⁰, which is often used in combination with PMC (see paragraph 2.3.1), as well as the Logic Model²⁴¹ support this idea of the result hierarchy as

²³⁶ De Coninck J. et al. 2008, p. 17

²³⁷ De Coninck J. et al. 2008, p. 16

²³⁸ According to De Coninck et al., PME is traditionally approached with the perception that it is imposed, technical, expensive, and that its content is project-oriented but not designed to serve the broader organization, and it is seen as a support process that emphasizes trainings and workshops (De Coninck J. et al. 2008, p. 4). De Coninck et al. suggest to embrace a “total organization” approach to PME, i.e. tailor PME to the specific organization and its shareholders, to bring PME into daily learning practice, to use PME for improving not for proving, and to adopt a process approach to PME support work, i.e. joint learning, constant adjustment, collaborative reviews and re-planning instead of one-off trainings (De Coninck J. et al. 2008, pp. 4ff).

²³⁹ De Coninck J. et al. 2008, p. 16

²⁴⁰ The Logical Framework Approach will be further discussed in paragraph 3 of appendix XXXIII.

²⁴¹ The Logical Model links outcomes (both short- and long-term) with project activities/processes and the theoretical assumptions/principles of the program (W.K. Kellogg Foundation 2004, p. III). The model will be further discussed in paragraph 4 of appendix XXXIII.

well as planning, monitoring and evaluation being necessary for overall success. However, they extend the three result grades mentioned by De Coninck et al. by the two grades Resources/Inputs and Activities. The idea being that only if the planned resources and inputs are made available at a significant enough level, and if activities are executed according to plan (i.e. in terms of time, quality, cost, see appendix XV), the outputs (i.e. grade 1 results) can be potentially achieved (in addition, also the underlying assumptions must hold true for the outputs to be fully achieved)²⁴².

Combining the three result grades suggested by De Coninck et al. with the requirements of Resources/Inputs and Activities as suggested by the Logical Framework Approach and Logic Model leads to the following five result grades that are necessary for overall project success:

1. Inputs and Resources (referred to as grade 0a results): human, financial, organizational, and community resources that are available to the project.
2. Activities (referred to as grade 0b results): processes, tools, events, technologies and actions that use the Inputs and Resources to bring about the intended project outputs.
3. Output (referred to as grade 1 results): types and levels of products and services that result short-term from the project activities.
4. Outcomes (referred to as grade 2 results): the specific changes in project participants' behavior, knowledge, skills, status and level of functioning occurring within six years of the project activities.
5. Impacts (referred to as grade 3 results): fundamental intended or unintended change occurring within seven to 10 years after the project activities.

Linking these result grades back to the PMC phases, there is a tendency that lower grade results apply for earlier project phases and higher grade results apply at later project phases. However, this is only a general tendency. In any given project resources/input, activities and maybe output apply at all phases, i.e. adequate resources must be made available in any phase, or each phase needs to produce a certain result which might already be some form of project output (e.g. detailed plan that is approved by all respective partners and executives, a prototype that shows the technical feasibility, etc.).

After having introduced a project management model and the result grades for development aid projects as complementary approaches to structure development aid projects, the following paragraphs discuss particularities and risks of development aid projects. Only if

²⁴² See Crawford P./Bryce P. 2003, pp. 365f for the respective details regarding the Logical Framework Approach and W.K. Kellogg Foundation 2004, pp. 2ff for the respective details regarding the Logic Model.

project managers understand these particularities and risks, they are able to include them in the applicable project management models, as well as in the daily management and leadership tasks.

2.3.3 Particularities and Risks of Development Aid Projects

This paragraph introduces particularities and risks of development aid projects. For projects to be successful, project managers must apply specific managerial and leadership approaches to account for such particularities and risks. Therefore, these particularities and risks may be understood as potential areas where to extend PMC and introduce alternative, extended project management ideas which are discussed in appendix XV.

Describing different particularities of development aid projects throughout his book²⁴³, Renz does not summarize or categorize these particularities. Appendix XVII lists all his examples and categorizes them into the following six categories of particularities for development aid projects:

- **Project Environment:** the particularities regarding the environment that development aid projects are conducted in include a broad range of examples, from the legal system, constant change, the project itself changing the environment, as well as particularities regarding (changing) claims and expectations of beneficiaries and stakeholders. In summary, nothing may be taken for granted and the project partners need to be open minded and prepared for almost anything in the environment to change.
- **Project Objectives:** in summary, the objectives of development aid projects entail ethical challenges and significant assumptions regarding the hierarchy and levels of objectives, as well as how activities and results contribute to the overall objectives of the project and to changes in people's lives. Such ethical considerations and underlying assumptions may turn out to be different or changing at later stages of a project.
- **Project Management:** examples of particularities for managing a development aid project include a wide range of considerations, such as project management approaches being still young and disputed, projects being typically pioneers in their field, limited controllability of project partners, or projects consisting of complex and interdependent elements. While these particularities may not be true for every single

²⁴³ The book is a case study of a multi-donor funded project that contributed to the first MDG (to eradicate extreme poverty and hunger) through an economic development approach targeted at small and mid-sized enterprises in Bangladesh to become more productive and competitive (Renz P. 2007, pp. 9 ff).

project, project managers still need to prepare themselves for many such considerations and to take on a wide range of management tasks.

- **Project Team:** in summary, the two main particularities of development aid projects regarding team aspects are first the broad interdisciplinary of the team, and second, the potential lack of experience of project partners. To accommodate these aspects, projects may be split into sub-projects and work packages that allow team members to see results soon and to therewith ride learning curves for the subsequent, potentially more critical tasks of the project.
- **Project Finance:** while there are several particularities regarding the financial matters of development aid projects and organizations (see appendix XVIII), the three main particularities are: income is not related to cost²⁴⁴, investments cannot be financed through loans, and (cash) reserves must be available for long-term contractual commitments. In summary, project managers must manage costs strictly as compensating for additional costs, i.e. secure additional funding on short notice seems difficult.
- **Project Results:** in summary, the particularities regarding project results are that results are at different levels²⁴⁵, that they are sometimes difficult to trace back to an intervention, that therewith accountability is difficult to define, and that for some of the results, a significant time lag exists between the time of the intervention and the time when the results can be assessed. This time lag further complicates tracing back interventions and therewith jeopardizes accountability.

Besides the characteristics of development aid projects, Renz also lists examples of risks that are specific to or of particular importance and magnitude for development aid projects. The following summary groups them into the six main elements of the St. Gallen Management Model (see appendix V), which Renz uses to structure his analysis²⁴⁶:

1. Risks associated with **environmental spheres**: examples include social problems, religious conflicts, social position of women, local impact of world events, political power struggles, natural disasters, and availability of public infrastructure.
2. Risks associated with **stakeholders**: examples include the internal structure of stakeholders (e.g. power struggle), “surprise stakeholders”, and inappropriate claims.

²⁴⁴ For most companies, the costs are somewhat related to the income (e.g. the selling of a product invokes the costs for producing, selling and distributing the product). For development aid projects this relation does not exist, rather, the costs depend on the development activities, and the income depends on how many donors support the development aid activities (exceptions may apply if beneficiaries partly pay for the services or alike, see appendix XVIII).

²⁴⁵ Example of such different levels of project results: the project results in the construction of a well, which shall result in less time needed for girls to collect water and better health, which again results in higher school attendance of girls, and which results in higher grades for girls (and also boys because of better health).

²⁴⁶ Renz P. 2007, pp. 186ff

3. Risks associated with **interaction issues**: examples include diversity of interests, variety of norms and values, and availability of resources including the condition of their utilization.
4. Risks associated with **structuring forces**: examples include extensive organizational structure (the higher the complexity of the project, the more coherence and fine-tuning of activities must be offered by the organizational structure), and multicultural management.
5. Risks associated with **processes**: examples include donors expecting short-term deliverables, beneficiaries refusing their support, and local purchasing habits (while Renz keeps the process-related risk relatively general, Christoph Tiebel concludes such risks to be the prime reason for most project management deviations²⁴⁷).
6. Risks associated with **mode of organizational development**²⁴⁸: examples include timely availability of infrastructure (e.g. construction of office buildings, visas, IT infrastructure including software licenses, etc.), and availability of resources until the very end of the project (i.e. employees do not leave before the end of the project in favor of another, more interesting and future-oriented project).

Without claiming completeness or exhaustiveness for any specific development aid project, the particularities and risks presented above indicate what challenges managers of development aid projects may face. While these particularities and risks may be helpful as a list of potential red flags to watch out for, the above analysis lacks approaches, methods or tools to overcome or manage the particularities and risks. However, it will guide the priorities of the Sustainability Measurement Framework. Given that reactive interventions at a later point in the project have a narrow space of options, and therefore might lead to a compromise on project results, addressing particularities and risks early contributes positively to the overall project results. As risk planning takes time, and because the project management's time is a scarce resource, executives (project managers, owners, steering committee members, etc.) need to balance the required time for risk planning and invest the expected contribution to address of particularities and risks early.

After discussing the particularities and risks of development aid projects, which must be taken into consideration when designing the details of the PMC phases and the expected

²⁴⁷ According to Tiebel, most project management deviations result from: lack of agreement and definition of objectives, imprecise specification and steering of costs, unrealistic timelines, appearing problems are not recognized early enough (i.e. corrective counter measures are initiated too late), changing objectives, increasing requirements, insufficient project coaching and control, as well as imprecise definition of information and decision paths (Tiebel Ch. 1998, p. 123).

²⁴⁸ Renz adapts the St. Gallen Management Model regarding the mode or organizational development suggesting that each development aid project runs through the stages of Start-Up, Optimize, and Close-Out (see appendix V).

results, the following paragraphs discuss project success factors. These factors suggest additional considerations for project executives and managers to not only factor into their planning and evaluation, but also into their day-to-day leadership as these factors need constant management.

2.3.4 Project Success Factors

While a phase model such as the PMC, possibly complemented with additional procedural considerations and impact assessment (see appendix XV), provides an overall frame to structure a project and to exert significant influence on the project results, Kuster et al. list additional factors that are necessary for the project to be successful. These success factors, i.e. activities in a project that significantly contribute to the project's overall success²⁴⁹, include the following activities, some being related to specific phases and others being ongoing activities throughout the entire project, possibly even exceeding the project work²⁵⁰:

- **Idea Management:** channeling and developing ideas that arise within an organization to ensure that the best ones are followed up upon and are moved into projects²⁵¹.
- **Organization:** as line organizations are optimized to conduct operational tasks, projects need a special organization for the time of their existence, which allows conducting the new, one-time and interdisciplinary undertakings effectively and efficiently²⁵².
- **Planning:** during the planning process, specifications are validated, work packages are created, responsibilities are defined, necessary know-how and skills of people are elaborated, potential conflicts and shortages of resources are identified, clarity for all projects partners regarding who has to do or to deliver what by when is ensured, and the plan is agreed upon. The plan also serves as reference point to later evaluate project execution²⁵³.
- **Evaluation:** evaluation consists of processes, controls, as well as checks and balances that ensure meeting the project objectives. The respective tasks and undertakings, including the respective scope, responsibility and frequency, have to be agreed upon before the start of the project. As project tasks are likely to be subject of revision based on the evaluation of previous project tasks, respective bailout

²⁴⁹ Kuster J. et al. 2006, p. 71

²⁵⁰ Kuster J. et al. 2006, pp. 71 ff

²⁵¹ Kuster J. et al. 2006, p. 73

²⁵² Kuster J. et al. 2006, p. 88

²⁵³ Kuster J. et al. 2006, pp.104f

alternatives and responsibilities have to be built into the project at the project decision stage²⁵⁴ (see paragraph 2.2.5.3). Besides analyzing the project's current reality against the objectives, as well as against the plan, evaluation also includes quality control, risk control as well as project portfolio management, i.e. balancing management attention and resources between all projects that an NGO conducts at any time²⁵⁵.

- **Information, Communication and Documentation:** information and communication always takes place, intentionally or unintentionally, and it should not be coincidental. Rather, every person or organization involved in the project or affected by the project should be informed about the project at the right time, with the right information, and they must feel involved. Information and communication prevents people from opposing the project. And last but not least, all documents must be filed properly so they can later be found again²⁵⁶.
- **Leadership and Collaboration:** project leaders typically have a dual role: they not only lead the project's business side (i.e. pursuing the project objective, deploying resources in the best possible way, and track the allocated time and funds), but are also responsible for personnel management and leadership of team members and project partners. This dual leadership role is challenging, not only because most of the time takes place in a matrix-like setting²⁵⁷, it is also of temporary character only, likely to be equipped with limited directive authority, with resources competencies being imprecisely defined, and with the hierarchical integration of the project organization being of temporary nature²⁵⁸. All these aspects make the dual leadership role even more challenging.
- **Team aspects:** as per the definition of projects, interdisciplinary collaboration is likely to be necessary. Such collaboration can only be achieved by engaging an interdisciplinary team. And such a team may only have limited common understanding and agreement on shared objectives, approaches, methodologies, and applicable tools, at least at the beginning of the collaboration. Therefore, building a successful interdisciplinary team may take a significant amount of time and effort²⁵⁹.

²⁵⁴ Drucker P. 2005, p. 129

²⁵⁵ Kuster J. et al. 2006, pp.143

²⁵⁶ Kuster J. et al. 2006, p. 161

²⁵⁷ "Matrix-like setting" refers to the matrix organization approach, i.e. a specific approach of how departments are structured, and therefore how organizational hierarchies and responsibilities are set up. The matrix combines a functional structure (i.e. hierarchy of the organizations core function, Koontz H./Wehrich H. 2008, p. 161) with project- or product-hierarchy patterns, leading to overlapping responsibilities of functional and project managers. Typical disadvantages of matrixes include: conflicts regarding organizational authority, disunity of commands, and low effectiveness of managers regarding human relations (Koontz H./Wehrich H. 2008, pp. 166f).

²⁵⁸ Kuster J. et al. 2006, p. 184

²⁵⁹ Kuster J. et al. 2006, p. 206

- **Conflict and resistance:** as social systems tend to keep their balance and status quo as long as possible, the changes and necessary adaptations resulting from any project typically face resistance²⁶⁰. According to Kuster et al., the arising conflicts can be of judgment nature (i.e. different judgment of best possible approaches or necessary resources), of valuation nature (i.e. different valuation of consequences), or of allocation nature (i.e. insufficient allocation of resources)²⁶¹. If conflicts and resistance cannot be successfully addressed, they jeopardize the results of the project.

After introducing the specific approaches and considerations for NGOs to manage development aid projects, as well as summarizing the key success factors that need to be considered during development aid projects and therefore effectively influence the managerial decisions of project executives and NGO leaders, the following paragraph links the project management related findings to the Sustainability Measurement Framework. The analysis reveals the project elements that offer the most leverage for the Sustainability Measurement Framework to build upon.

2.3.5 Project Management and the Sustainability Measurement Framework

According to the design criteria laid out in the introduction (see paragraph 1.2), the Sustainability Measurement Framework shall build on current processes, methods and tools of a development aid NGO, and leverage them so that they contribute to planning, evaluating and enhancing the results and sustainability of the NGO's activities as well as of the NGO itself. Based on the theoretical background of project management, including the analysis of project classification, project phases, particularities and risks, as well as success factors of development aid projects, this paragraph analyzes which project phases and success factors are the most significant ones, i.e. offer the best leverage for the Sustainability Measurement Framework.

In order to derive the most significant project phases and success factors, table 3 assesses how the PMC project phases, and the seven success factors (one success factor, Initialization, is also a project phase) contribute to a set of criteria. The criteria are drawn from the definitions of sustainability (see paragraph 2.1.1.1), from sustainable development (see paragraph 2.1.1.2), including the respective criticism and alternative approaches (see paragraph 2.1.3) from projects particularities and risks (see paragraph 2.3.3), as well as from the requirements for a new development approach as set out by Easterly (see

²⁶⁰ Kuster J. et al. 2006, p. 230

²⁶¹ Kuster J. et al. 2006, p. 237

paragraph 1.1). The more a project phase or a success factor relates to these criteria, the more it offers leverage to increase sustainability of projects and the overall NGO. The assessment of project phases and success factors contributes to these sustainability leverage criteria which shall be guided by four considerations. The following paragraphs discuss these four additional considerations.

The first consideration is related to project evaluation. If project evaluation is brought into a daily learning practice, and therefore contributes to a learning organization as suggested by De Coninck et al.²⁶², evaluation may serve as educational tool for project partners and team members. Coupling evaluation with accountability and feedback may even allow discovering potential problems early, and corrective actions may be taken in due time, with relatively little effort. And such early considerations of potential problems lead to an increased likelihood of meeting project objectives in terms of time, budget and quality.

The second consideration is related to the idea that NGOs may be seen as mediator, i.e. projects are developed jointly with beneficiaries as well as with donors. If so, project initialization and planning are especially important in order to ensure that all requirements, expectations as well as necessary contributions and support aspects are discussed, clarified and agreed upon early in the process. In case of a lack of clarity on such aspects, the NGO's role as mediator between beneficiaries and donors may be jeopardized. If the objectives of the project are defined loosely or wrongly, it will be difficult to meet them.

The third consideration is related to project selection. According to Kuster et al., there are normally more project ideas than actual resources to successfully implement projects, which is why selecting the few right projects is critical for the overall project success as well as for a comprehensive project portfolio. To successfully determine which ideas to pursue and develop into projects, Kuster et al. suggest to apply procedures²⁶³ that ensure assessing project ideas on the right basis and to then turn them into formal projects including appropriate project proposals²⁶⁴. Applying this idea to development aid projects leads to the conclusion that sustainability criteria must be assessed as early as possible in the project phases. As sustainability is a key concept for development aid NGOs, such criteria are likely to also set the stage for further decision making and argumentation lines. Therefore, raising sustainability-related questions not only shapes the project, it also sets the stage for subsequent discussions and actions throughout the project.

²⁶² De Coninck J. et al. 2008, p. 5

²⁶³ see Kuster J. et al. 2006, p. 33

²⁶⁴ Kuster J. et al. 2006, pp. 73ff

The fourth and final consideration is related to the fact that development aid projects tend to be very much people projects²⁶⁵. Therefore, the main subjects of development aid projects are bringing change to people (see appendix IV), making them adopt new behaviors and technologies (if applicable), training them, have them ride the learning curve quickly so results are achieved in due time, and helping them to understand what is expected of them during the project as well as afterwards so that the successful results will have an impact on their everyday life²⁶⁶. As human factors are critically important for development aid projects, the key questions related to human factors have to be considered at an early stage of the project, making sure to involve the right beneficiaries, partners, and experts, and to then design the most appropriate project organization²⁶⁷. If such key project questions are addressed too late in the project, it might be difficult to influence or correct them²⁶⁸.

After discussing the additional considerations that guide the assessment how project phases and success factors contribute to these sustainability leverage criteria, table 3 shows the results of the assessment. In summary, Initialization, Planning, and Evaluation offer the most contribution to sustainability. Translating these top three factors Initialization, Planning, and Evaluation into project-related managerial levels leads to the conclusion that the following two levels seem to offer the most leverage when it comes to extending them with aspects of promoting the measurement, communication and increase of sustainability:

- **Project Initialization**, consisting of: collecting project ideas, assessment and selection of ideas, planning of resulting project including detailed design, and preparation, and
- **Project Result**, consisting of: monitoring, evaluation, review, and assessment.

Based on the conclusion from the analysis of table 3 that Initialization and Results offer the best leverage for measuring, communicating and increasing sustainability, the Sustainability Management Framework builds Project Initialization and Project Result as two of the sustainability levels. While the framework focuses on these two levels of project management, the other elements of project management (i.e. phases, success factors, characteristics, risks and particularities) are neither less important nor less necessary to pursue to manage development aid projects successfully. However, selecting Project

²⁶⁵ Development aid projects are concerned with social transformation and human development which are unique factors of project management in the aid industry (Crawford P./Bryce P. 2003, p. 364).

²⁶⁶ While other aspects such as e.g. “technology” still require thoroughly considerations, the human factors seem more critical for success.

²⁶⁷ Alnoor concludes that true participation only exists when beneficiaries and partners are engaged in the discussion of ideas already (Alnoor E. 2003, pp. 818f).

²⁶⁸ In a similar way Kuster et al. quote Ruth Cohn: “if I have limited time, I use most of it in the beginning [of the project]” (Kuster J. et al. 2006, p. 40).

Initialization and Project Result as the relevant levels for the framework indicates that these two levels offer the greatest leverage to extend the NGO's existing processes and tools with methods and approaches to plan, evaluate and consequently increase the sustainability of the projects as well as of the NGO as a whole. If the remaining project phases or project success factors are not managed thoroughly, they still have the potential to jeopardize sustainability and put the projects as well as the NGO at risk.

Project phases and success factors	Initialization	Pilot Study	Concept	Realization	Implementation	Project Identification	Preparation & Design	Detailed Planning	Monitoring	Project review & Evaluation	Impact Assessment	Project Organization	Project Planning	Project Evaluation	Information, Communication & Documentation (ICD)	Leadership & Collaboration	Team Aspects	Conflict & Resistance
Selecting the few right projects	x					x							x					
Allow broad assessment of project environment	x						x						x					
Early setting of standards and requirements of the project	x						x						x					
Early balancing economic, social and ecological factors	x						x						x					
Early integration of project partners, define contribution and expectations	x						x						x				x	
Design objective hierarchy and contributing activities	x																	
Balance macro and micro management	x							x					x			x		
Assessment of reactions to decisions	x			x				x					x			x	x	

Table 3: Assessment of Project Phases and Success Factors regarding Leverage Criteria (own Illustration)

Project phases and success factors																		
Criteria	Initialization	Pilot Study	Concept	Realization	Implementation	Project Identification	Preparation & Design	Detailed Planning	Monitoring	Project review & Evaluation	Impact Assessment	Project Organization	Project Planning	Project Evaluation	ICD	Leadership & Collaboration	Team Aspects	Conflict & Resistance
Allow to split project into sub-projects	x						x						x					
Accommodate limited experiences of partners	x			x	x								x			x	x	
Apply strict cost control	x							X					x		x	x		
Allow for immediate corrective actions				x	x				x	x				x				
Result measurement at different levels					x					x				x	x			
Allow learning for future projects	x				x					x	x			x	x			
Allow experimenting for future projects and multiplication	x		x									x		x				
Incorporate beneficiary feedback										x				x				
Enforce accountability	x									x				x		x		
Reduce time lag for impact assessment	x					x	x				x		x	x				
Dealing with social problems, religious conflicts and political power struggles	x							x								x	x	
Accommodate natural disasters, and availability of public infrastructure	x						x						x					
Allow management of stakeholders, inappropriate claims, and change of claims	x							x					x					
Manage diversity of interests and variety of norms and values	x						x						x					
Manage availability of resources including the condition of their utilization	x							x					x					

Table 3: Assessment of Project Phases and Success Factors regarding Leverage Criteria, continued (own Illustration)

Project phases and success factors																		
Criteria	Initialization	Pilot Study	Concept	Realization	Implementation	Project Identification	Preparation & Design	Detailed Planning	Monitoring	Project review & Evaluation	Impact Assessment	Project Organization	Project Planning	Project Evaluation	ICD	Leadership & Collaboration	Team Aspects	Conflict & Resistance
Manage extensive organizational structure and multi-cultural management	x							x					x			x	x	
Secure support of beneficiaries and accommodate local purchasing habits	x							x					x				x	
Allow for short-term deliverables towards donors	x									x			x	x	x			
Reward success, make funds available to what works	x					x				x			x	x	x	x		
Allow to disengage, stop the idea/project	x					x				x			x	x				
Total	25	0	1	3	4	4	8	8	1	8	2	1	20	10	5	8	6	0

Table 3: Assessment of Project Phases and Success Factors regarding Leverage Criteria, continued (own Illustration)

After having discussed project management for development aid NGOs and defined two sustainability levels, Project Initialization and Project Result, the following section discusses performance management. The section looks at four approaches to understand how NGOs and NPOs currently manage their operation, hold themselves accountable for results, and how they assess impact.

2.4 Performance Management for Development Aid NGOs

After having discussed managerial aspects of development aid NGOs, including project management, which is the prime approach for development aid NGOs to bring change to people's lives, this section focuses on performance management. The different paragraphs discuss what literature suggests for NGOs and NPOs to measure and increase their performance. While the first paragraphs on strategic and operational performance management compare NGOs with for-profit organizations and analyze the respective

differences in performance management requirements, the subsequent paragraphs discuss accountability and impact assessment. As not much literature exists on performance management for development aid NGOs, accountability and impact assessment, two NPO-specific concepts for which significant literature exists, serve as guideline to understand the performance management requirements of NPOs. Each concept is assessed regarding its contribution for development aid NGOs. Potential gaps or weaknesses shall be addressed by the Sustainability Measurement Framework. The last paragraphs of this section discuss decision processes, i.e. how the results of performance measurements link back to actions that increase sustainability. Therefore, the paragraphs aim to derive sustainability tasks, i.e. the activities that are relevant in the Sustainability Measurement Framework to plan, evaluate and increase the development aid NGO's sustainability. But first of all, the following paragraph introduces three approaches to definitions to indicate the scope of definitions for performance management by different authors.

“Performance means concentrating available resources where the results are – but not the easy results, the results that further the mission”²⁶⁹. Following Drucker's understanding of performance, performance management links the organization's activities to the (intended) results to answer the question if the resources are really concentrated where the results are. Dorothea Greiling concludes that diverse understandings and classifications of performance measurement exist and suggests a similar approach to definition: performance measurement is a multi-level undertaking which uses financial as well as non-financial data to make a statement regarding the effectiveness and efficiency of an organization²⁷⁰. Assuming that performance management and the German term ‘Controlling’ are interchangeable terms, Tiebel includes aspects of employee motivation: he defines performance management as informing, planning, measuring, and motivating employees for engagement²⁷¹.

Combining the definition of Tiebel with the idea of Drucker suggests the following working definition for the thesis: *performance management describes the tasks necessary for planning, measuring and motivating employees for engagement in order to concentrate available resources to where the results are that further the mission.* As the focus of this thesis is to design a framework that integrates performance with the activities of development aid NGOs and assess them regarding sustainability, this definition serves the intended purpose and further analysis of definitions is omitted. The following paragraphs now discuss approaches how to implement specific performance management approaches.

²⁶⁹ Drucker P. 2005, p. 108

²⁷⁰ Greiling D. 2009, pp. 94ff

²⁷¹ Tiebel Ch. 1998, p. 57

2.4.1 Strategic vs. operational Performance Measurement

Tiebel concludes that any organization has to deal with strategic performance and operational performance, and that the two approaches are distinctively different regarding²⁷² the respective orientations²⁷³, planning hierarchy²⁷⁴, dimensions²⁷⁵, as well as regarding objectives²⁷⁶. Combining this understanding of strategic and operational performance with his conclusion that NPOs cannot omit economic realities²⁷⁷, Tiebel summarizes that firstly, NPOs have to follow strategic and operational leadership approaches in a similar way as for-profit organizations do. And secondly, differences between NPOs and for-profit organizations only apply for strategic performance measurement²⁷⁸, i.e. operational performance measurement for NPOs is no different (or at least not significantly different) from operational performance measurement for for-profit organizations²⁷⁹. For strategic performance measurement, Tiebel sees the main focus on the stakeholders, as managing a NPO without deep knowledge and understanding of stakeholders is not possible²⁸⁰. This conclusion is mainly rooted in the finding that a NPO, in order to achieve impact in the long term, cannot neither satisfy the claims, demands and requirements raised by a single stakeholder, nor can it follow the claims and demands of all its stakeholders. In consequence, the NPO must constantly engage in stakeholder management to select the stakeholders that it should consider most (see appendix X). Therewith, it can minimize the inherent risk of being attacked or sanctioned by stakeholders that it has not focused on²⁸¹. Therefore, strategic performance measurement must include striking this balance of which stakeholders to address and to what extent.

Other authors who distinguish between operational and strategic NPO performance measurement, and reckon that operational performance measurement for NPOs is similar to

²⁷² Tiebel Ch. 1998, p. 61

²⁷³ The orientation of strategic performance measurement is the organization and its environment, while the one of operational performance measurement is efficiency and operational processes (Tiebel Ch. 1998, p. 61).

²⁷⁴ The strategic planning is mainly concerned with defining a strategic channel within which the activities later can be adjusted flexibly to the respective realities (Tiebel Ch. 1998, pp. 54f). The operational planning is mainly concerned with operational and tactical planning as well as with budgeting (Tiebel Ch. 1998, p. 61).

²⁷⁵ The strategic dimensions are mainly strength/weaknesses and threats/opportunities, while the operational dimensions are expenditures/income and cost/services (Tiebel Ch. 1998, p. 61).

²⁷⁶ The strategic objective is mainly to identify potentially successful positions/niches and to secure survival, while operational objectives are efficiency, productivity and profitability (Tiebel Ch. 1998, p. 61).

²⁷⁷ Tiebel Ch. 1998, p. 150

²⁷⁸ While NPOs are similar to for-profit organizations regarding having to define a strategy based on resources and clients that sets them clearly apart from competitors (Tiebel Ch. 1998, p. 72), they differ significantly regarding the underlying objective system (Tiebel Ch. 1998, p. 72; NPOs have multiple bottom lines instead of a profit only, Tiebel Ch. 1998, pp. 18f), regarding the importance of the mission (NPOs will only be successful if beneficiaries accept and incorporate the mission, Tiebel Ch. 1998, p. 81) and consider the fact that the NPO constantly risks to be caught between expectations of different stakeholders (Tiebel Ch. 1998, p. 82).

²⁷⁹ Tiebel Ch. 1998, p. 62

²⁸⁰ Tiebel Ch. 1998, p. 94

²⁸¹ Tiebel Ch. 1998, p. 85

for-profit approaches include Patricia Siebart²⁸² and Kurt Zischg²⁸³. While Siebart bases her findings on literature reviews, Zischg conducted a survey, asking NPOs to describe and rate different performance measurement approaches and tools. Analyzing the survey's answers, he concludes that steering NPO success has two components: economic effectiveness and impact efficiency²⁸⁴. Zischg describes economic effectiveness as a comparison between the actual facts and the original plan, and using economic objectives related to financial, service/quality and profit aspects. Typical instruments applied to measure and manage economic effectiveness include managerial income statement, cost and activity accounting, capital budgeting, etc.²⁸⁵. In a similar way, the expert interview reveals operational performance management to be largely comparable to approaches used by for-profit organizations, except for specifics of financial accounting (namely fund accounting and assets being cash and real estate property only) and donor reporting requirements (see appendix XVIII). In contrast, impact efficiency follows non-economic objectives combining external (customer and beneficiary satisfaction, image and reputation, and impact on society) as well as internal (satisfaction of employees and volunteers) perspectives. The main instruments used to measure and manage impact efficiency are surveys and coaching²⁸⁶.

Another author who sees strategic and operational performance measurement as separate approaches for NPOs and who also sees operational performance measurement being similar for NPOs and for-profit organizations is Christain Horak²⁸⁷. While he concludes that the performance measurement philosophy for NPO is generally not different from the one for for-profit organizations²⁸⁸, Horak agrees that performance measurement has a central role for NPOs, especially for system building and coordination to accommodate the significant number of interaction partners of a NPO²⁸⁹. While coordination regarding interaction partners falls under strategic performance measurement, Horak points out that the particularities and specifics of a NPO, its activities, as well as the respective differences compared to for-profit organizations hinder the general transferability of strategic performance measurement approaches from for-profit businesses to NPOs²⁹⁰. But regarding operational performance measurement, he sees no fundamental differences in how to apply

²⁸² Siebart sees meeting budgets and solvency as basic prerequisite for NPOs, while the broader strategic objectives include stakeholder orientation, matching interests, signaling, etc. (Siebart P 2006, pp. 79ff).

²⁸³ Zischg K. 1998, p. 307

²⁸⁴ Zischg K. 1998, p. 307

²⁸⁵ Zischg K. 1998, p. 307

²⁸⁶ Zischg K. 1998, pp. 307f

²⁸⁷ Horak Ch. 1995, pp. 113ff

²⁸⁸ Horak Ch. 1995, p. 253

²⁸⁹ Horak Ch. 1995, p. 262

²⁹⁰ Horak Ch. 1995, p. 292

instruments to NPOs²⁹¹ that have been successfully used for-profit businesses²⁹². For strategic performance measurement instruments, Horak suggests defining which of the strategic performance measurement instruments that businesses use are transferable to NPOs (e.g. stakeholder analysis, strategic mission statement, scenarios, potential analysis, portfolio analysis, etc.²⁹³) and which are not transferable (e.g. Planning, Programming, and Budgeting System (PPBS), Gap-analysis, product life-cycle, etc.)²⁹⁴.

In summary, operational performance measurements for NGOs, i.e. approaches and tools such as cash flow planning or cost accounting, seem identical to the approaches and tools used in for-profit organizations. Therefore, as Zischg's survey suggests, NGOs may use existing extensive literature regarding such methodologies, tools, and implementation approaches, as well as apply respective benchmarks. Operational performance measurement is critically important to ensure operational effectiveness and efficiency, and therefore it is a prerequisite for the short-term as well as long-term survival of the organization. But the operational approaches and tools do not ensure impact, i.e. changes in human lives, and they most likely only address and assess the economic dimension of sustainability, but not necessarily the environmental or social dimensions²⁹⁵. To measure and manage impact as well as the environmental and social dimension of sustainability, additional strategic performance measurement approaches and tools need to be considered. Therefore, the Sustainability Measurement Framework primarily suggests strategic performance measurement aspects. However, the framework still assumes that the NPO has a solid, strong and rigid operational performance measurement in place to ensure operational efficiency and effectiveness. The following paragraphs now look at NGO performance measurement requirements in terms of accountability undertakings.

2.4.2 Accountability

Accountability is a strategic performance measurement approach that is specifically tailored to NPOs. It includes methods to increase, quantify, qualify, and communicate impact. The following paragraphs discuss accountability from the perspective of development aid NGOs.

²⁹¹ Horak Ch. 1995, p. 300

²⁹² Examples of operational performance measurement instruments include accounting, cost accounting, budgeting, project management, deviation accounting, etc. (Horak Ch. 1995, pp. 339ff).

²⁹³ Horak Ch. 1995, pp. 307ff

²⁹⁴ Horak Ch. 1995, pp. 302ff

²⁹⁵ One may argue that economic efficiency is only measured after environmental and social efficiency, and therefore it implicitly includes environmental and social efficiency. While this argumentation may be true in cases where NGOs measures environmental and social efficiency first and having these results then reflected in subsequent economic efficiency measurement, additional approaches and tools are still required to make environmental, social, and economic measures comparable.

2.4.2.1 Introduction

Accountability for NPOs is a concept that organizations adopt to legitimize their activities, to offer their stakeholders transparency regarding undertakings and operations, and to measure the performance of actions and results²⁹⁶. The rationale for an increased accountability discussion lies, according to Danilo Songco, in the fact of massive flows of public and private funds into the NPO sector (requiring increased transparency), in the transformation of NPO work from providing services to advocacy of and engagement in social discourses (requiring increased legitimacy), and in the question of quality versus quantity of NPO services (requiring increased performance measurement)²⁹⁷. Ebrahim Alnoor dates the origins of accountability initiatives back to the 1990ies, when a series of highly publicized scandals eroded public confidence in non-profit organizations, coupled with a rapid growth in the number of NPOs including NGOs around the world²⁹⁸. The growing number of NGOs was fueled by the belief among donors, that NGOs are more cost-effective than governments in providing development aid. And given the lack of sufficient empirical evidence, NGOs were increasingly confronted with requests by the public to proof their effectiveness and efficiency, which ultimately led to a higher importance of accountability issues²⁹⁹. Accountability undertakings are seen as an alternative to excessive conditionality or onerous reporting requirements attached to funding, which results from the oftentimes asymmetric interdependence between NGOs and donors, with NGOs relying on donors for funding and donors relying on NGOs for their reputation³⁰⁰.

2.4.2.2 Definition

While Jonathan Fox and David Brown suggest a short and simple definition for accountability (accountability is the “process of holding actors responsible for actions”³⁰¹), Michael Edwards and David Hulme suggest a definition that describes accountability as having a bilateral character (accountability are “means by which individuals and organizations report to a recognized authority and are held responsible for their actions”³⁰²). Extending this idea of bilateralism, Alnoor demonstrates, by reviewing different approaches to definitions, that accountability has the following four dimensions³⁰³:

- **Give vs. take:** accountability is always two-fold, i.e. an authority holds someone else responsible for something and someone assumes this responsibility.

²⁹⁶ Songco D. 2007, p. 3

²⁹⁷ Songco D. 2007, pp. 3ff

²⁹⁸ Alnoor E. 2003, p. 813

²⁹⁹ Alnoor E. 2003, p. 813

³⁰⁰ Alnoor E. 2003, p. 814

³⁰¹ Fox J./Brown D. 1998, p. 12

³⁰² Edwards M./Hulme D. 1996, p. 967

³⁰³ Alnoor E. 2003, pp. 813ff

- **External vs. internal:** accountability always includes obligation to meet prescribed (external) standards as well as the (internal) ‘felt responsibility’, i.e. the intrinsic motivation expressed by individual action and mission statements.
- **Upward vs. downward:** accountability of a NGO always relates to (upward) relationships with donors and governments (spending of designated funds for designated purposes) as well as to (downward) relationships with groups to whom NGOs provide services.
- **Functional vs. strategic:** accountability always includes accounting for resources, use of resources, and immediate output (through reports and accounts, i.e. functional accountability) as well as looking at the impact of the NGO’s activities on people, other organizations, and the wider environment (i.e. strategic accountability).

Concluding this overview of approaches to definitions, accountability may be understood as an exchange of information in which one party reports to another party. However, widening the view and asking why the exchange of information takes place, accountability shall be defined as *obligation in a relationship to live up to the agreed promises*. Information and reports are the means to document the extent to which the promises have been fulfilled. Such a definition also encompasses aspects beyond reporting, e.g. each party has emotional responsibilities that may be difficult to report on, but still has to be lived up to. Furthermore it also encompasses the findings of Alnoor that accountability is not only bilateral, but a complex network of multiple relationships, i.e. accountability mirrors all the different roles that a NGO has in its relationships with donors, beneficiaries, governments, employees/volunteers, as well as other stakeholders.

2.4.2.3 Methodology

Before implementing accountability, Alnoor suggests that NGOs first consider managerial aspects, such as mission statement and governing boards, as well as elements of legitimacy in representing views of others, such as votes and surveys³⁰⁴. These managerial aspects are a prerequisite for a NGO to successfully address accountability. According to Alnoor, accountability tools are discrete devices or techniques used to achieve accountability, typically carried out at specific points in time, resulting in a report, and focusing on a distinct end-result. Processes in contrast emphasize a course of action, i.e. they are broad, multifaceted, less tangible, and less time-bound than tools³⁰⁵. Alnoor concludes that both, processes and tools shall always be applied in conjunction. He calls such combined

³⁰⁴ Alnoor E. 2003, p. 815

³⁰⁵ Alnoor E. 2003, p. 815

undertaking accountability mechanisms, and according to his analysis, the following five distinct accountability mechanisms exist, which are discussed in more detail in the following paragraphs:³⁰⁶

- Reports and Disclosure Statements
- Evaluation and Performance Assessments
- Participation
- Self-regulation
- Social Audits.

2.4.2.3.1 Reports and Disclosure Statements

Reports and Disclosure Statements are among the most widely used mechanisms of accountability and are frequently required by federal or state laws in many countries (e.g. in the US, with some exceptions, NGOs must provide detailed information on finances, organizational structure, and programs)³⁰⁷. While such legal requirements on minimal disclosures enable some degree of accountability, they offer little accountability towards other stakeholders such as beneficiaries or volunteers that generally have limited legal standing to challenge a NGO. While the nature of Disclosure Statements is typically general, donors aim to gain more influence regarding the specifics of how funds are used, hence they regularly require specific Reports in addition to the Disclosure Statement. With such Reports varying considerably among donors and projects, sometimes even being subject to negotiation, NGOs with multiple donors make a huge effort to comply with the audit system of each donor. Unfortunately, these extensive upward external reporting efforts provide little downward and/or internal accountability, (i.e. downward internal accountability can only be achieved by applying additional accountability mechanisms)³⁰⁸.

In summary, Reports and Disclosure Statements are important and strong accountability mechanisms, but they only address upward external accountability, they risk excluding certain stakeholders (e.g. beneficiaries or volunteers), and they require significant resources.

2.4.2.3.2 Evaluation and Performance Assessment

According to Alnoor, literature suggests various kinds of external and internal evaluations, as well as performance assessments. Such evaluations typically aim to assess what and to what extent program goals and objectives have been achieved, including short-term

³⁰⁶ Alnoor E. 2003, p. 815

³⁰⁷ Alnoor E. 2003, p. 816, see also appendix XVIII.

³⁰⁸ Alnoor E. 2003, p. 816

activities and outputs as well as long-term outcomes and impacts, and they are pivotal in determining future funding³⁰⁹. Given the importance of evaluation, applicable approaches must be selected carefully. Any such selection must consider the following three differences regarding the viewpoints of NGOs and donors³¹⁰:

- 1) **Conflicting levels of measurement**: donors tend to focus on outputs (e.g. number of schools built), which typically are easily measurable, quantifiable, and oftentimes rather short-term. In contrast, NGOs favor to assess processes (e.g. beneficiary participation or empowerment of education system), which require a more long-term evaluation approach based on qualitative indicators.
- 2) Different perspectives on the **relevance of evaluation**: NGO culture tends to emphasize action over analysis, staff are “doers”, (see also appendix XVIII) and donor’s product-based evaluation approaches tend to punish NGOs which attempt to develop and test more innovative process-based approaches. Therefore, NGOs oftentimes view onerous external data requirements as irrelevant for internal NGO-decision-making.
- 3) **Purpose of evaluation**: evaluations to assess progress towards objectives tend to focus on projects without looking at the NGO itself. Therefore, they limit broad organizational change such as capacity building and organizational learning (i.e. they exaggerate success and they discourage revealing and scrutinizing of mistakes).

In consequence, there is no best approach for evaluations and performance assessments. Rather, NGOs must select the most appropriate approaches specifically for their current situation, project and donor. While such tailored approaches increase the quality of assessment and evaluation, the efforts required for conducting all the different evaluations and assessments for all situations, projects and donors that apply in parallel may exceed the NGO’s capacity (or willingness to spend resources on evaluation and assessment). Therefore, NGOs must find some middle ground by clustering projects and donors, and offer a standardized approach to each cluster (i.e. each donor accepts some minor compromise on his specific requirements), and therewith keep the administrative effort to conduct evaluation and assessment at an acceptable level.

2.4.2.3.3 *Participation*

Alnoor groups potential participation mechanisms into the following four levels³¹¹:

³⁰⁹ Alnoor E. 2003, pp. 816f

³¹⁰ Alnoor E. 2003, pp. 817f

³¹¹ Alnoor E. 2003, p. 818

- Information about a planned project being made available to the public (with decision-making power remaining with the project planner)
- Public involvement in actual project-related activities (e.g. community contribution regarding labor or funding for project implementation)
- Citizens are able to negotiate and bargain over decisions with NGOs, i.e. citizens exercise relatively great control over local resources and development activities.
- People undertake their own initiatives, which occur independently of NGO- or state-sponsored projects.

At the first two levels of participation, NGOs and donors define the project objective long before any participation occurs, which is why these participation mechanisms only address upward accountability. Consequently, downward accountability requires extensive participation of beneficiaries, which is necessary for true empowerment of the beneficiaries and engaged communities. In addition to allow for downward accountability, extensive and systematic community participation is also a key mechanism to increase the NGO's and donor's leverage (i.e. the community's contribution multiplies the project contributions of NGOs and donors)³¹².

2.4.2.3.4 Self-regulation

In regard to accountability, Alnoor understands the term 'self-regulation' as an initiative of NGOs to develop their own standards or codes of behavior and performance³¹³. The process of developing self-regulations offers NGOs and networks of NGOs an opportunity for self-definition, as well as for signaling the mission, principles, values, and methods to the public. While some degree of external intervention may be appropriate to ensure public trust, self-regulation allows NGOs to address their specific problems while at the same time keep their integrity³¹⁴. Oftentimes, self-regulation is part of broader initiatives such as sector-wide identity, legitimacy, and normative views on organizational behavior³¹⁵.

2.4.2.3.5 Social Audits

With Social Audits, organizations assess, report, and improve their social performance and ethical behavior, typically through stakeholder dialogue³¹⁶. Alnoor describes it as complex process that integrates elements of disclosure statements, evaluations, participation, and

³¹² Alnoor E. 2003, pp. 818f

³¹³ Alnoor E. 2003, p. 819

³¹⁴ Alnoor E. 2003, p. 820

³¹⁵ Alnoor E. 2003, p. 822

³¹⁶ Gonella C. et al. 1998, p. 21

standards of behaviors (i.e. elements from other accountability mechanisms). Therewith, Social Audits conceptually integrate all accountability tools and processes³¹⁷. Different Social Audit models have arisen, such as the ‘Ethical Accounting Statement’, the ‘Social Performance Reports’, or the Institute of Social and Ethical Accountability’s ‘Social Auditing’ processes. Despite their differences, each model involves the following five key elements: stakeholder identification, stakeholder dialogue, use of indicators/benchmarks, continuous improvement, and public disclosure³¹⁸. A Social Audit process offers different advantages for a NGO, such as developing social and environmental information systems, it increases monitoring of performance, it allows for views of different stakeholders to be considered, it offers a tool for strategic planning and organizational learning, and it may enhance public reputation. At the same time, Social Audits also involve some burdens and risks, such as significant time and money being required, it’s impact on donors being uncertain (especially in case of worse-than-expected results), as well as appropriate and externally verifiable standards being absent which makes performance comparison across NGOs difficult³¹⁹. Nevertheless, Social Audits are valuable accountability mechanisms which combine tools and processes of other mechanisms, and which allow to simultaneously improve up- and downward accountability³²⁰.

While Social Audits seem to offer comprehensive sustainability management mechanisms, there are two main difficulties in them serving as a single management approach. First, NGOs still need approaches and processes to frequently measure their activities, communicate the results to respective decision makers, learn from the results, and take decisions. Second, NGOs should be allowed to learn, test, and multiply activities themselves without broad disclosure at an early stage, especially if internal aspects such as leadership or capacity building³²¹ are concerned. Social Audits seem to not allow enough flexibility for such internal and immediate learning. Nevertheless, social audits offer opportunities to strengthen the relationship with numerous stakeholders.

2.4.2.4 Conclusion Accountability

Accountability concepts can “eventually find a balance between external and internal, upward and downward, and functional and strategic [accountability] approaches”³²². This

³¹⁷ Alnoor E. 2003, p. 822

³¹⁸ Alnoor E. 2003, p. 822

³¹⁹ Alnoor E. 2003, pp. 822ff

³²⁰ Alnoor E. 2003, p. 824

³²¹ Venture Philanthropy Partners conclude that with capacity building, NPO executives are able to move beyond strong projects and programs (Venture Philanthropy Partners 2001, p. 19).

³²² Alnoor E. 2003, p. 826

conclusion by Alnoor implicitly describes the limitations of accountability initiatives: NGOs must still decide on the specific tools, indicators, methodologies, as well as processes to evaluate the different aspects of accountability. Jon Christensen takes this criticism one step further by concluding that accountability may backfire. In his New York Times article, he reviews different reactions to a study³²³ published in June 2003 by SustainAbility³²⁴. Besides citing advocates of accountability, Christensen also summarizes critical citations such as³²⁵ by Charles Sabel, Professor of Law and Social Science at the Columbia Law School, who states that accountability methods are “only crudely analogous to shareholders” and they tend to subside simple measures because effectiveness is too hard to measure. Lisa Jordan of the Ford Foundation is cited to state that accountability is always political, the respective tools are developed by someone, made for someone, using a selected method, to answer questions about NGOs that donors are interested in (but that potentially do not address the needs of the NGOs, that are divorced from missions, and do not address moral obligations). Furthermore, Coralie Bryand, a Columbia University professor, found in a survey of international emergency relief organizations, that NGOs being least dependent on donor financing were often most effective at evaluating their own work and learning. Alnoor summarizes the critics’ statements by suggesting: “performance measurement [...] takes scarce resources away. So there’s an opportunity cost. If we were to focus instead on measures that make a difference, rather than measures that are countable, I think we would have more accountability.”

Despite the critics, the following ideas from accountability mechanisms are considered in the Sustainability Measurement Framework:

- **Reporting** to external stakeholders is important for lasting relationships. It shall be designed to share information, gain consensus and agreement, and therewith help to strengthen relationships.
- **Evaluation** tools may not be standardized easily. As evaluation has to be relevant (i.e. for a situation, project, donor, or a combination thereof) and purposeful (i.e. answering specific questions), the evaluation approaches and tools may have to be adjusted to a specific situation, project, donor, or question. While implementing specific evaluation tools requires too many resources, evaluation approaches may consist of two parts: a generic part that applies for a broader range of situations looking at generally applicable characteristics, and a specific part that applies to and looks at the very specifics of the situation, project, donor, or question.

³²³ The name of the study is “The 21st Century NGO: In the Market for Change”.

³²⁴ SustainAbility is an international consulting group specializing in sustainability aspects and projects (see also <http://www.sustainability.com> [accesses August 3, 2011]).

³²⁵ Christensen J. 2004

- Different levels of **participation** exist. However, true participation, i.e. that beneficiaries are given a voice and can influence how their lives are changed only applies if participation starts early in the project, at least during project planning.
- **Self-regulation** can send strong messages to stakeholders about the NGO's own values and obligations. However, this advantage is only achieved if the NGO is very explicit about these standards and holds itself strictly up to these standards. If the regulations are not explicit enough, or turn out to be not specific enough over time, the positive intentions may backfire and harm the reputation of NGOs.
- The costs and efforts associated with **external audits** may rightfully hinder a NGO to hire consultants for conducting external audits. However, there is no alternative to external audits in order to get a verifiable external opinion on the NGO and the changes in the lives of the beneficiaries. And if the NGO makes detailed, specific and relevant information regarding projects and achievements available to the public (i.e. applies other accountability mechanisms), the need for external audits may be limited.

After having discussed accountability approaches, the next paragraphs look at the third source of NGO performance measurement requirements, i.e. 'impact assessment'. Similar to accountability, impact assessment hosts different approaches specifically used in NPO-related discussions that focus on strategic performance measurement.

2.4.3 Impact Assessment

While accountability undertakings ask what an organization does (and how), impact assessment asks what difference the work of an organization makes³²⁶. Given this broad perspective, impact assessments address strategic performance measurements. The following paragraphs introduce and discuss impact assessment approaches from the perspective of a development aid NGO and draw conclusions for the Sustainability Measurement Framework.

2.4.3.1 Introduction

A study by Jennifer Chapman and Antonella Mancini shows that various reasons have led NGOs³²⁷ to increasingly undertake impact assessments. These reasons include accountability for received funds, governance requirement, requirements imposed by

³²⁶ Chapman J./Mancini A. 2008, p. 4

³²⁷ The study of Chapman/Mancini exclusively investigates UK development NGOs.

different stakeholders, the need to demonstrate the value of the organization's work, internal communication, learning, as well as increased engagement in advocacy work. Compared to accountability undertakings (see paragraph 2.4.2), impact assessments focus on what is needed to improve quality of projects and learning, and it can therewith address a broader variety of reasons and questions regarding the NGO's performance. This broader approach allows moving the attention from what NGOs do to what difference their work makes³²⁸. While the term 'impact assessment' is relatively new to the development aid community, it has been in use in environmental impact and social impact assessments for many years³²⁹.

2.4.3.2 Definition

According to Chapman/Mancini, impact assessment is about "understanding the lasting changes (both intended and unintended) that are brought about in people's lives as a result of an intervention or interventions"³³⁰. Jerry Adams, by looking at the type of changes that impact assessment is typically focusing on, concludes that such changes frequently show the following three characteristics: they must be sustainable, they may be unanticipated (i.e. resulting from links with other projects or catalytic effects), and they may be negative³³¹. Following this definition and these characteristics of the assessed changes, impact assessment takes place at the end of a project or even some time after the project has ended, and it is open to assess virtually any project related aspect by using virtually any tool and process that is suitable to assess respective aspects.

2.4.3.3 Methodology

According to Adams, impact assessment takes a primarily qualitative perspective³³². But qualitative assessments raise questions regarding reliability, validity and credibility, which make objective impact assessment difficult³³³. Other reasons why impact assessment is difficult include that NGOs tend to be complex organizations working in different contexts, that the intended changes are inherently complex which makes it hard to assess the causes for a particular change, that impact assessment involves stakeholders, i.e. they need to speak up and feel allowed to contribute freely³³⁴, and that causality and attribution to a NGO's

³²⁸ Chapman J./Mancini A. 2008, p. 4

³²⁹ Adams J. 2001, p. 2

³³⁰ Chapman J./Mancini A. 2008, p. 4

³³¹ Adams J. 2001, p. 1

³³² Adams J. 2001, p. 2

³³³ Literature offers different approaches to address the issues of reliability, validity and credibility for qualitative assessments (see Adams J. 2001, pp. 2f).

³³⁴ Kriemhild Schulte describes an example, where such free contribution was no more possible after a while: a nurse in an African hospital enjoyed great recognition by the patients and they openly told her about their lives. However after she was closely involved in the local community, patients hesitated to speak openly to her because as she was

initiative becomes more and more challenging, partly because NGOs increasingly engage in advocacy and policy setting³³⁵. Despite these challenges, Chapman/Mancini see a widespread agreement on some principles of good impact assessment practices³³⁶. In addition to agreeing with several of these practices³³⁷, Adams also discusses the data collection approaches that apply for impact assessment. He suggests to use the following techniques³³⁸: qualitative approaches (focus groups, semi-structured interviews, observations, and analysis of secondary data), triangulation (combining different measurement approaches so that they counteract the shortcomings and potential threats of each measurement approach), using a small assessment team of interviewers and observers to ensure homogeneous execution of interviews and observations, focus on a minimum number of indicators, and using rating or scoring systems to assess the course of changes over time.

2.4.3.4 Conclusion Impact Assessment

Besides their overall positive findings on the evolution of impact assessment in development aid NGOs, Chapman/Mancini raise serious concerns about impact assessment, which are rooted in its underlying paradigm: impact assessment follows the model of ‘doing’ development to others, i.e. setting targets and expecting ‘them’ to be recipients of aid³³⁹. At the same time, caused by the results-based management approaches of governments, i.e. focusing on how money is spent and what governments get in return for their donation, impact assessments become a tool to show results to the public instead of gaining an in-depth understanding of the changes achieved in the lives of beneficiaries³⁴⁰. Finally, linking impact assessment with fundraising and risk management imperatives brings inherent tensions and therewith limits its contribution for NGO leaders to critically examine the organization’s development practice as well as to challenge the current (possibly linear) model of change which dominates planning³⁴¹. In summary, Chapman/Mancini conclude that NGOs are increasingly required by donors to show top-

perceived to be a member of the community, they expected her, based on their traditional experience, to retell any news (Schulte K. 2001, p. 14).

³³⁵ Chapman J./Mancini A. 2008, p. 5

³³⁶ These principles are: (1) clarity on what the NGO does and why; (2) being clear about the NGO’s principles or core values; (3) really understanding the issue that the NGO is addressing within the local context; (4) be clear about what the NGO wants to know and why; (5) keeping systems light and user friendly, and ensure they are used in decision-making; (6) focus on the NGO’s own effectiveness; (7) balance accountability to different stakeholders; (8) support partners to think about their own effectiveness; (9) disaggregate data; (10) create a culture of learning, critical thinking and transparency; (11) focus on the impact of different approaches; (12) use existing data where possible; (13) align systems; and (14) incorporate feedback loops (Chapman J./Mancini A. 2008, pp. 6ff).

³³⁷ Adams J. 2001, p. 3

³³⁸ Adams J. 2001, pp. 4f

³³⁹ Chapman J./Mancini A. 2008, p. 8

³⁴⁰ Chapman J./Mancini A. 2008, p. 8

³⁴¹ Chapman J./Mancini A. 2008, p. 10

down impact. However, such requests counter the field evidence regarding best practices to increase impact, and research even shows that top-down impact assessment is likely to reduce the quality of development practice and is leading to potentially negative consequences³⁴². Assuming that NGOs have limited possibilities to control how stakeholders and especially donors perceive fundraising messages and that NGOs fear negative consequences from not so positive impact assessment messages on the donation level, it has to be presumed that publicly available impact assessment messages tend to be too positive.

For the Sustainability Measurement Framework, the ideas of impact assessment seem to be noble and good, but the implementation seems somewhat weak. Especially the fact that impact assessment results are directly used in fundraising is troublesome, because it may jeopardize some of the well-intended ideas of impact assessment which may consequently even be abandoned. Impact assessment information should be used carefully for fundraising, and NGOs must understand that the use of information may influence how the information is collected and distributed. Therefore, an additional step to translating existing impact assessment information into fundraising messages should be considered. Such additional step to derive the actual fundraising message protects the original information from being jeopardized for fundraising purposes. To be even more specific about how impact assessment information transforms into fundraising messages, NGOs may link fundraising messages with project type and donor groups. For example, NGOs may group donors into mass donors and specific donors, and then ask mass donors to engage in multiplication projects (i.e. project that change people's lives in proven ways), while specific donors may accept to support experimental projects, e.g. projects that change underlying structures, and therewith the specific donors may accept some level of failure and corrective actions. While fundraising for mass donors uses general messages, i.e. how many people have benefited, etc., fundraising messages for specific donors may include more specific information, including impact assessment, which discloses details such as shifts in assumptions, necessary corrective measures, as well as learning and consequent adaptation of further project steps. While it might be difficult to influence how mass donors perceive fundraising messages, i.e. NGOs want to communicate simple, positive messages, the case for specific donors may be different. If close relationships have been established with specific donors, these relationships offer opportunities to explain messages in more detail, to frame them according to the specific context, and therewith to convey complex messages or even not so positive messages in a way that they do not negatively affect donations.

³⁴² Chapman J./Mancini A. 2008, p. 13

A second learning for the Sustainability Measurement Framework is that linear models of change do not sufficiently reflect the reality of NGO work. Instead of adopting a linear model of change and then executing this model, the Sustainability Measurement Framework shall support an iterative cause-effect chain. While a linear model predetermines what tasks to execute in which sequence, an iterative model focuses on the envisioned result, and after each task the subsequent tasks as well as their sequence are re-assessed regarding the best possible contribution to the final result based on the current result levels³⁴³. Evaluation focuses on achievement levels at certain iterations, and if the expected level is not met, corrective actions are discussed and implemented³⁴⁴. Therewith, the NGO does no longer execute a linear model of change, it rather strives to take different steps of action at a certain level of quality or quantity which then lead to changes in people's lives to the required extent. If at any step the expected level is not met, respective additional actions shall be implemented to reach the level so that the overall results will still be met. Performance measurement therewith turns from 'have we achieve impact?' to 'have we executed the previous steps so that according to our model, we will still achieve the envisioned level of change?'

After having discussed strategic vs. operational performance measurement, accountability, and impact assessment as key performance concepts of development aid NGOs to derive design elements for the Sustainability Measurement Framework, the following paragraphs look at decision processes, i.e. how performance results link back to actions which then allow for improvements in the form of increased performance in the future (for further details regarding the elements of improvement and decisions in relation to performance measurement and performance management see appendix XVI).

2.4.4 Decision Process and Sustainability Tasks for Development Aid NGOs

After the emphasis on strategic vs. operational performance measurement, accountability and impact assessment as key concept to understand the performance-related requirements of NGOs in the previous paragraphs, the following paragraphs discuss decision processes. Decisions for improvements are a key element of performance measurement as well as performance management (see appendix XVI) as they link the performance results back to

³⁴³ E.g. building wells reduces the time for girls to collect water during the dry season by 80%, this increases school attendance by 40%, this increases girl's high-school enrollment by 20%, etc.

³⁴⁴ E.g. if the time to collect water only decreases by 60% this will most likely also put the subsequent targets (school attendance and high-school enrollment) at risk. To still achieve the change in girls' lives, an analysis of the effective time reduction (60% versus 80% target) has to take place and corrective measures must be considered (e.g. the well does not provide enough water, e.g. rooted in the fact that the neighboring communities are growing – as corrective measure the NGO may engage in afforestation or family planning activities).

actions and therewith increase subsequent performance results. Therefore, decisions increase the sustainability of development aid NGOs. Authors such as Tiebel see decisions as important for projects, and he lists imprecise steering of costs (i.e. lacking performance measurement), as well as imprecise decision paths (i.e. lacking decision processes), together with 5 other aspects (see paragraph 2.3.3), as main reasons why projects miss their objectives³⁴⁵. As decisions are similarly critical for projects as well as for the overall organization, and given the particularities and complexities of development aid NGOs (see paragraphs 2.2.4 and 2.2.5), only clearly defined decision processes allow to successfully maneuver performance and sustainability to the expected future levels. Therefore, the Sustainability Measurement Framework builds on a clearly defined decision process. Within the Sustainability Measurement Framework, the different tasks of the decision process shall be called ‘sustainability tasks’.

The following paragraphs discuss different decision approaches and derive a generic decision process which will become the ‘sustainability tasks’ in the Sustainability Measurement Framework.

2.4.4.1 Literature Review on Decision Processes

Given the importance of decisions for improving performance and sustainability of projects, as well as for the organizational level of NGOs, the following paragraphs analyze different decision making processes and their potential application for the Sustainability Measurement Framework. A literature review regarding decision processes reveals a wide range of existing decision processes. Examples include:

- Gareth Morgan describes a decision process as defining by whom, how, and at what time decisions are taken, including applicable escalation processes and required documentation. The control over the decision process is closely interrelated with decision premises, i.e. with the foundations of making a decision, as well as with decision issues and objectives, constraints, alternatives, and evaluation criteria³⁴⁶.
- Maria Bono suggests that performance measurement supports an organization’s management in its decision-making by enabling a process of planning, instruction, implementation, comparison, analysis and correction³⁴⁷.
- Kuster et al. describe that a wide range of problem-solving methodologies exists, with all of them being cycles and only differing regarding the number of steps as well as the details of each step. Based on this understanding, they suggest the following

³⁴⁵ Tiebel Ch, 1998, p. 123

³⁴⁶ Morgan G. 1998, pp. 165f

³⁴⁷ Bono M. 2006, p. 14

generic decision model consisting of three steps, each having two sub-steps: target (analyze situation and define targets), solution (compile solutions and analyze solutions), and selection (evaluate solutions and take decision)³⁴⁸.

- Jennifer Lerner et al. describe that decision processes can be mapped by the Appraisal-Tendency Framework, which assumes that specific emotions give rise to specific cognitive and motivational processes, which account for the effects of each emotion on judgment and decision-making³⁴⁹. Therefore, decision-making is a psychological, possibly even cultural process and only respective considerations allow for effective and efficient decision-making.

Any of these decision-making understandings may be more or less suitable for any given situation that requires a decision to be taken. However, as sustainability-related decisions in development aid NGOs must accommodate different areas, diverse managerial tasks (e.g. human resources related decisions, finance related decisions, etc.), as well as different educational and cultural backgrounds, NGOs must decide whether to use a single, generic decision process for all areas and tasks, or if they offer a variety of possible decision processes to choose from (i.e. the applicable decision process is dependent on the specific situation that a decision is required for). While I personally suggest a single generic decision process (i.e. the same decision process for all situations), or at least only a few decision processes to choose from, both approaches support the purpose of the Sustainability Measurement Framework. If multiple decision processes apply, the NGO may provide guidelines which decision process to use for what purpose in order to harmonize the collaborative activities during the decision process.

Aiming to define a single generic decision process for development aid NGOs, the following paragraphs look at the St. Gallen Management Model, which this thesis suggests as base model for development aid NGOs, and if required as a possible framework to increase professionalism (see paragraphs 2.2.4 and 2.2.5). The suggestions and findings regarding the generic decision process are then adapted to the particularities of NGOs and to the situations and realities of development aid.

2.4.4.2 Decision Process in the St. Gallen Management Model

Given that this thesis suggests to use the St. Gallen Management Model to master external and internal challenges as well as to drive potential initiatives to increase professionalism

³⁴⁸ Kuster J. et al. 2006, pp. 324f

³⁴⁹ Lerner J. et al. 2007, pp. 184ff

(see paragraphs 2.2.4 and 2.2.5), the following paragraphs analyze the decision process suggested by the St. Gallen Management Model. The decision process, which is intentionally generic and simple, and therewith accommodates a wide variety of decision situations, consists of the following four sequential steps³⁵⁰:

- **Orientation and Review:** contemplating, creating ideas and establishing a sense of purpose. Leadership tasks include reflecting, orientating oneself, establishing a common picture, gathering ideas, as well as exploring new perspectives. Required attitudes of participants include willingness for self-criticism, creativity, and openness.
- **Planning:** identification of concrete goals and the binding agreement of goals. Leadership tasks include selecting and prioritizing ideas, defining common goals and activities integrating these activities into an organized and chronologically coherent framework, as well as contracting for goods and services. Required attitudes of participants include willingness for commitment, honesty, and flexibility.
- **Implementation:** transferring the goals into everyday activities and routines. Leadership tasks include implementing the agreed upon activities and innovations with commitment, and systematically learning from experience. Required attitudes of participants include willingness to change, loyalty, and self-discipline.
- **Feedback:** closing the control circle with a loop of institutionalized feedback.

By listing the leadership tasks and the required attitudes, Rüegg-Stürm implies that playing through the decisions steps and making decisions is primarily a leadership task, and it requires the right attitudes of participants (which again is achieved through respective leadership tasks). Since tools and structures may not be sufficient to ensure that the concerned people follow, use, and apply the decision process. Instead, ensuring broad communication, openly listening to all opinions, etc., remains primarily a leadership task. The focus of such leadership depends on the culture of the organization (e.g. general openness in communication, etc.), the nature of the decision to be taken (e.g. the depth and width of the decision's potential impact, etc.), on the experience of people to take such decisions, as well as on other aspects. In summary, the necessary leadership tasks for a successful application of the decision process are context-specific.

As the decision steps drawn from the St. Gallen Management Model are generic regarding the kind of organization as well as regarding decision situations, the following paragraphs translate these steps into the decision context of development aid NGOs.

³⁵⁰ Rüegg-Stürm J. 2005, pp. 58f

2.4.4.3 Decision Process for Development Aid NGOs: Sustainability Tasks

Translating the decision steps suggested by the St. Gallen Management Model into the context of NGOs that conduct development aid projects, potentially running a diverse portfolio of different projects, each being at a different phase, requires a critical analysis of the decision steps based on the context of such NGOs.

The first consideration is related to Orientation and Review. With project reporting, including review and evaluation, development aid NGOs already have an established procedure for Orientation and Review (however, the leadership tasks and attitudes mentioned by Rüegg-Stürm may offer ideas for extension, enlargement or enrichment of current orientation and review approaches). Therefore, for development aid NGOs the step Orientation and Review shall be called measurement.

A second consideration is related to planning, which may be split up into the steps Communicate and Learn. The importance of communication is rooted in the fact that results of NGO projects are outside of the organization (see paragraph 2.2.5.2) and they can be influenced by external conditions including assumptions as well as by the behavior of stakeholders. In such situations, broad communication of measurement results (but clearly defined by information responsibility, i.e. every stakeholder knows what information they may expect to receive from whom by when in what format, as well as what information to provide to whom by when in what format, which includes providing feedback on the received information) ensures that all necessary sources of knowledge and experiences are informed and involved so that they understand the reasons behind the measurement results. The feedback may then be collected, analyzed, and potentially combined to draw lessons, so that it can be used to influence the subsequent project activities, phases or even subsequent projects as a whole. The steps Communicate and Learn require the gathering of diverse knowledge, insight, ideas, and experiences to understand the reasons for the measurement results, and indicate which actions to take in order to increase the measurement result in the future if necessary.

In addition, the decision step Implementation may be omitted in the context of development aid NGOs. Projects by definition undertake actions outside of the existing 'line organization', i.e. the NGO's existing organizational capabilities and capacities to execute processes (see appendix XV, see paragraph 1), i.e. they undertake any necessary action to achieve the project objectives (in terms of time, budget, and quality, see appendix XV, paragraph 3). Furthermore, projects inherently need re-adjustments at any time and in any phase, or at least critical review if re-adjustment is necessary (see paragraph 2.3.1).

Combining these two ideas, the details of subsequent project activities are only defined as the project evolves, based on the results of previous activities (rather than all details being pre-defined and project managers only waiting for the right moment to start them). These details of subsequent project activities, i.e. adjustments to the original project plan, are decided on the basis of the latest project status and on project evaluations. Therefore, the step Implementation is inherently included in the project definition which indicates the constant re-assessment of subsequent actions.

And finally, as development aid NGOs conduct measurement repeatedly (i.e. for every phase and milestone), the fourth decision step Feedback may also be omitted because the measurements following every action already serve the feedback purpose.

Consequently, the NGO-related adjustments to the generic decision process suggested by the St. Gallen Management Model, which for the purpose of the Sustainability Measurement Framework are called Sustainability Tasks, are:

- **Measure:** after actions have been taken, previously defined measures shall apply (using previously agreed upon approaches, methodologies, tools and processes). The measures shall allow comparison of effective actions and results with intended and expected actions and results. Respective approaches, methodologies, tools and processes include strategic and operational performance measurement, evaluation, accountability undertakings as well as impact assessment initiatives.
- **Communicate:** the information collected during the step Measure shall be forwarded to executives, project partners, and stakeholders that depend on such assessment of actions and results for their work and for their decision-making. While communication must be broad, it must be clearly defined and follow the idea of information responsibility (full clarity on information that one has to provide as well as on information that one receives, see paragraph 2.2.5.3 and footnote 194).
- **Learn:** discussing the provided information, exchanging points of view, further analyses to gain detailed insight, and finally drawing lessons, i.e. deciding on changes, adjustments and refinements of subsequent activities, project steps, project phases or projects as a whole. Learning also includes providing feedback to employees, volunteers, and stakeholders in order to change their behavior and therewith contribute to improved performance and increased sustainability.

After having introduced the sustainability tasks that serve as decision process in the Sustainability Measurement Framework, the following paragraphs summarize and conclude the performance management for development aid NGOs.

2.4.5 Conclusion Performance Management for Development Aid NGOs

Based on the literature review regarding operational and strategic performance measurements as well as discussions of accountability and impact assessment, NGOs seem to have only a few but significant particularities regarding performance management. While operational performance measurement seems similar to the one of for-profit organizations, strategic performance measurement for NGOs is different from the one of for-profit organizations, especially regarding stakeholder management. Therefore, while operational tools, processes and approaches may be copied from existing for-profit best practices, strategic performance management requires additional considerations. The discussion regarding accountability mechanisms reveals the importance of evaluation in order to gain clarity about how to use results for fundraising, as well as for early participation. Self-regulation allows a clear communication of the organization's values and beliefs, and external audits offer the only verifiable external opinion regarding the development aid NGO, its projects, and its impacts. The discussion of impact assessment firstly concludes that donors must fit the projects and the respective impact expectations. And secondly, the applicable models of change shall be iterative instead of linear. Finally, the discussion on decision, building on the understanding that improvements are a core element of performance approaches and that improvements require decisions, suggests applying a clearly defined decision process. While different such processes are possible, the Sustainability Measurement Framework suggests a process of the factors Measure, Communicate and Learn and these three tasks are called sustainability task.

After this section discussed the last theoretical consideration of performance management requirements for development aid NGOs, the following section summarizes all of the theoretical considerations that are relevant as framework within which development aid NGOs conduct projects and strive for increased sustainability and impact.

2.5 Conclusion of theoretical Considerations for Development Aid NGOs

The theoretical considerations of this chapter serve to design a framework for development aid NGOs to plan, evaluate and increase the impact of projects and the sustainability of the organization. Before the next chapter theoretically designs this framework, the following paragraphs summarize the findings of the theoretical considerations regarding sustainability and development aid NGOs, including managerial and organizational aspects, as well as the respective project and performance management. These conclusions serve as key design elements for the framework.

As sustainability is still a term only vaguely defined, and even in cases of an agreed upon definition, understandings and applications of partners may still vary considerably. Therefore, development aid NGOs should not simply adopt a predefined concept of sustainability, instead they must find their own definition and maybe offer some clarifications regarding the detailed understanding, as well as adding some application guidelines, e.g. by adopting a framework as suggested by Barr (see paragraph 2.1.3). This conclusion for specific adaptation holds also true for sustainability measurement approaches. Modal/Dahl suggest to critically assess existing sustainability approaches and sustainability indicators regarding their applicability for the specific situation and organization (see paragraph 2.1.2). In summary, neither sustainability definitions nor sustainability measurement approaches exist that development aid NGOs may simply adopt. Instead, development aid NGOs that wish to measure and increase sustainability must review suggested theoretical or practical sustainability approaches and critically assess them against their own reality. And this review and clarification of the sustainability understanding is a first step before any sustainability measurement efforts will become fruitful.

Once a development aid NGO has agreed on the understanding of sustainability, it must decide how to plan, measure and increase sustainability. The theoretical analysis suggests a matrix consisting of three sustainability tasks and four sustainability levels. The three sustainability tasks are (see paragraph 2.4.4.3):

- Measure: repeatedly and systematically gather information about sustainability and improvement.
- Communicate: make this information available to relevant decision makers.
- Learn: ensure that decision makers take necessary decisions on the basis of the available information to increase future measurements.

The justification of the four sustainability levels is rooted in different aspects of development aid NGOs. The first two levels result from the project orientation of development aid NGO's activities (see paragraph 2.2.2 and 2.2.5.2) and the conclusion that Project Initialization and Project Result have the greatest leverage regarding sustainability and development aid project related criteria (see paragraph 2.3.5). The third sustainability level, Organization, results from the managerial and organizational analysis of development aid NGOs, concluding that development aid NGOs must first conduct timely bound projects, strive for impact, and remain independent, second, balance project flexibility and execution efficiency, third, re-design projects, communicate, and learn, and finally engage with donors, staff, and beneficiaries (see paragraph 2.2.6). The importance of the

organizational level is further supported by the analysis of various authors regarding applicable performance management approaches, concluding first that operational performance management for NPOs is no different from for-profit organizations, and secondly that for-profit organizations show a significant measurement and performance effort at organization level (see paragraph 2.4.1), suggests the organizational level to also be important for development aid NGOs. Finally, the fourth sustainability level, Fundraising, results from the service delivery model of development aid NGOs and the respective significant importance of fundraising (see paragraph 2.2.5.1 and appendix XI). In summary, the four sustainability levels for each of which the three tasks apply are:

- Project Initialization: consisting of collecting, assessing and selecting project ideas as well as planning of resulting project including detailed design and preparation.
- Project Result: consisting of monitoring, evaluation, reviewing and assessing projects at different stages during project execution (and even after the project has ended, see paragraph 2.2.5.2).
- Organization: consisting of project portfolio results, organizational capabilities and capacities, as well as achievement of overall results which the individual projects contribute to.
- Fundraising: consisting of continuously attracting financial sources to fund the development projects, without compromising on the objectives and the sustainability understanding of the own organization.

In summary, the discussions of chapter two answer the first research question: what does management theory for development aid NGOs suggest as relevant sustainability dimension for development aid NGOs? These sustainability dimensions are the three dimensions of sustainability (Environment, Society, and Economy), the four sustainability levels (Project Initialization, Project Result, Organization, and Fundraising), and the three sustainability tasks (Measure, Communicate, and Learn). In addition, the chapter points to various managerial, namely project management and performance management related considerations that enjoy special relevance for development aid NGOs. The following chapter uses the sustainability levels and sustainability tasks to compile a measurement framework, the Sustainability Measurement Framework. It describes each of the elements of the framework in more detail, including objective, approaches and examples. This framework addresses the second research question: how may the sustainability dimensions and the management considerations of development aid NGOs be combined into a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?

3 Sustainability Measurement Framework

Building on the discussion of theoretical considerations for development aid NGOs including sustainability, managerial and organizational considerations, project management, and performance measurement (see chapter 2), this chapter introduces the Sustainable Measurement Framework for development aid NGOs. The framework is based on the understanding that in order to plan, evaluate and increase the impact of development aid projects and sustainability of development aid NGOs, multiple tasks (sustainability tasks) have to be considered at different levels of the development aid NGO (sustainability levels). These sustainability tasks and sustainability levels are two dimensions that span a Sustainability Measurement Matrix (see figure 8). The four sustainability levels are: Project Initialization, Project Result, Organization, and Fundraising (see paragraphs 2.3.5 and 2.4.1). The three sustainability tasks are: Measure, Communicate, and Learn (see paragraph 2.4.4). Besides spanning the matrix, figure 8 also describes the main objectives for each of the matrix fields.

		Sustainability Tasks		
		Measure	Communicate	Learn
Sustainability Levels	Project Initialization	Ensure necessary preparation work, decision criteria	Feedback regarding decisions to project team, partners and beneficiaries	Adjust project preparation, requirements and education for project proposals
	Project Result	Ensure project supervision, steering and analysis	Feedback to project executives and beneficiaries	Adjust project execution, extension of project approaches, additional project types
	Organization	Assess project portfolios, ensure financial statements and managerial accounting	Inform employees, volunteers, board members and stakeholders	Engage in additional project types, adjust human resources and infrastructure
	Fundraising	Measure and evaluate fundraising activities and donor behavior	Inform employees, volunteers, beneficiaries and donors including specific donors	Adjust donor portfolio, guidelines for marketing activities, new projects or even new strategies

Figure 8: Sustainability Measurement Framework for Development Aid NGOs including Objectives for each Matrix Field (own Illustration)

Neither the sustainability levels nor the sustainability tasks are new to development aid NGOs. Instead, they undertake managerial activities at each of these levels, as well as for

tasks similar to the sustainability tasks. This intentional overlap of the Sustainability Measurement Framework with current lines of action of development aid NGOs results from the design criteria as set out in paragraph 1.2: the framework strives to tap into existing, proven and stable processes and tools that development aid NGOs already use today and integrates them into an overall framework, and enriches them with elements to measure and increase sustainability.

The first section of this chapter describes the rationale of the Sustainability Measurement Framework and introduces each of the sustainability levels as well as each of the sustainability tasks. After this introduction, section two discusses the definition and understanding of sustainability that every NGO has to establish as a prerequisite for any managerial undertakings concerning increased sustainability at project as well as at organization level (see paragraph 2.1.4). And in order to accommodate an organization's particular projects, environments and objectives, such definitions and understanding must be specific to the organization. Then each of the sections three to six looks at one of the sustainability levels and discusses all three sustainability tasks in regard to the respective level. In general, the paragraphs on 'Measure' describe comprehensive measurement approaches for the respective sustainability level. The paragraphs on 'Communicate' describe how the specifics of the respective sustainability level, including activities and measurement results, may be communicated internally as well as externally, with special emphasis on donors and how communication supports the fundraising of NGOs. Given the importance of fundraising, which is one of the two core processes of development aid NGOs and strongly interdependent with conducting projects (see paragraph 2.2.2), the communication of project status and project results enjoys a particular priority. Such communication aims to change the behavior of stakeholders and therewith contributes to the six principals suggested by Easterly for development agents to successfully search for what works in helping the poor (see paragraph 1.1), is specifically contributes to principle five: "get more money to interventions that are working, and take money away from interventions that are not working"³⁵¹. And finally, the paragraphs on the sustainability task 'Learn' describe how discussions on results at each sustainability level may contribute to the projects, as well as to future projects and to the organization as a whole. Such feedback and learning again contributes to the principles suggested by Easterly (see paragraph 1.1): besides principle five, it also supports principle four: "evaluate the interventions based on feedback from the intended beneficiaries and scientific testing, and reward success and penalize failure"³⁵².

³⁵¹ Easterly W. 2006, p. 382

³⁵² Easterly W. 2006, p. 382

3.1 Framework Rationale

Before looking at the details of each of the Sustainability Measurement Framework's matrix field, the following paragraphs summarize the theoretical considerations regarding the two dimensions of the Sustainability Measurement Framework: sustainability levels and sustainability tasks.

3.1.1 Sustainability Levels

While sustainability undertakings must potentially encompass all activities of development aid NGOs, the Sustainability Measurement Framework suggests setting priorities regarding where to start such undertakings, and therefore it tries to point development aid NGOs to areas that offer greatest leverage for sustainability undertakings. Understanding that development aid NGOs primarily render their services to beneficiaries through projects (see definitions of development aid and NGOs, paragraphs 2.2.1 and 2.2.2), the first two sustainability levels are derived from project theory: Project Initialization and Project Result (see paragraph 2.3.5). They offer the greatest leverage to extend and complement existing processes with methods and tools to plan, evaluate, and consequently increase the sustainability of projects as well as of the overall organization. And starting sustainability-related discussions early (i.e. at initialization stage) not only offers the best opportunity to balance sustainability aspects, it also clearly signals how sustainability questions are expected to be dealt with throughout the project.

While conducting projects is important for development aid NGOs, making the necessary resources available and building the respective capacities at organization level³⁵³ is similarly important to support and fuel the projects and ensure the long-term survival of the NGO (see paragraph 2.3.4). If capacities are insufficient (e.g. the number of staff available is too little, the staff lacks crucial knowledge, finance and other administration processes are lagging behind project execution, insurance, or software licenses are not available, etc.), organizations risk jeopardizing projects. And such capacities and the respective processes must be designed sustainably, i.e. they must balance environmental, social, and economic aspects. In addition to capacity, Organization level sustainability also addresses the total of all projects, i.e. the project portfolio, regarding its balance in terms of environmental, social, and economic aspects³⁵⁴. Understanding that the Organization level is not only responsible

³⁵³ Venture Philanthropy Partners conclude that with capacity building, NPO executives are able to move beyond strong projects and programs (Venture Philanthropy Partners 2001, p. 19).

³⁵⁴ Depending on the NGO's understanding of sustainability, this may include to apply a subjectively right mix of proven projects and first-of-a-kind projects (i.e. using money effectively for low hanging fruit projects and at the same time invest in new approaches that will be required in the future), i.e. to combine different project approaches

for managing the project portfolio but also for assuring the required capacities to be available in order to run the projects, the sustainability level ‘Organization’ offers significant leverage for increasing the sustainability of the organization.

The fourth sustainability level is ‘Fundraising’. As funds do not come through the services that development aid NGOs offer to beneficiaries but through donors³⁵⁵, only successful fundraising ensures the continuation of projects and the survival of the organization (see paragraph 2.2.5.1 and appendix XI). Given the importance of fundraising for development aid NGOs, fundraising must be part of sustainability undertakings, and it must be linked to sustainability regarding three aspects: first, education of donors regarding the sustainability approaches of the NGO, second, reflection of sustainability of the other three sustainability levels, and third, the fundraising itself must not jeopardize sustainability (e.g. environmentally friendly paper should be used for brochures, minorities for street work should be engaged, etc.). While sustainability considerations for fundraising activities are important, fundraising is less affected by sustainability considerations than other sustainability levels, e.g. the project level, because the environmental, social, and economic impact of projects on beneficiaries is significantly bigger than the respective impact of fundraising on donors and on the organization (except for the economic impact, i.e. the inflow of money). However, given the importance of translating project plans, Project Result, and organizational facts into fundraising messages (see paragraph 2.4.3.4), alignment of fundraising with other sustainability levels is critical for fundraising success and therewith for the continuation of projects as well as for the survival of the development aid NGOs.

The following paragraphs look at the sustainability tasks which allow an effective management of sustainability results through iterative cycles, i.e. they allow taking decisions on how to change and improve relevant aspects of development aid NGOs and their activities.

3.1.2 Sustainability Tasks

The sustainability tasks are essentially a decision process consisting of the three aspects ‘Measure’, ‘Communicate’, and ‘Learn’ (see paragraph 2.4.4.3). The task measure

(e.g. for women and men, for income generation and environmental protection, etc.), or to offer projects for stakeholders who have been negatively impacted.

³⁵⁵ Exceptions to this general rule that income is weakly related to the services apply, e.g. NGOs may charge some price for the service, or donors may only support the NGOs if the services are top-of-class and therewith funds are indirectly generated through the services.

compares actions and results with previously agreed-upon intended and expected actions and results, and it also points out unexpected and unintended results. Applicable approaches, methodologies, tools and processes include strategic and operational performance measurement, evaluation, accountability undertakings, as well as impact assessment initiatives. The task ‘Communicate’ allows the information that the task ‘Measure’ collects to flow to project partners and stakeholders that depend on such assessment of actions and results for their work and their decision making. This flow of information shall be based on the idea of information responsibility, i.e. full clarity about who has to provide which information (to whom, how often, by when, in what form) as well as what information one may expect (from whom, how often, by when, in what form)³⁵⁶. The communication approach must not be ‘any information has to be available to anybody’, instead development aid NGOs must decide on clear and transparent internal as well as external reporting and communication, maybe in combination with attentive management (attentive management is a management approach that High Reliability Organizations³⁵⁷ frequently apply; for further details on HROs and attentive management see appendix XX). The task ‘Learn’ fosters discussions among project partners and stakeholders, for them to exchange understandings, initiate further analyses to gain detailed insight, and to draw learning in the form of joint decisions regarding changes, adjustments, refinements and rearranging of subsequent project steps, project phases, projects as a whole, organizational capacity, fundraising approaches, or the underlying sustainability definitions applicable for the development aid NGO. The task ‘Learn’ shall ultimately lead to feedback, e.g. each stakeholder that receives information is required to provide suggestions for improvements. Feedback may also include a statement regarding how important the implementation of each suggestion is perceived to be (e.g. ranking between ‘nice to have’ and ‘critical for long-term survival of the NGO’). Besides discussing suggestions, the task ‘Learn’ aims to change behaviors of employees, volunteers and stakeholders, and to therewith contribute to improved performance and increased sustainability, i.e. it feeds back to ‘Measure’ and ‘Communicate’ at different sustainability levels. Successful learning and respective approaches, methodologies, tools and processes are mostly related to leadership (e.g. ensuring that all respective employees are open minded, accept suggestions, etc., see paragraph 2.4.4.3).

After having discussed the framework rationale, the following paragraphs discuss a prerequisite for any development aid NGO to start using the framework: defining sustainability and agreeing what sustainable development means to the NGO.

³⁵⁶ For further details on information responsibility see paragraph 2.2.5.3 and footnote 194.

³⁵⁷ High reliability organizations (HROs) are organizations such as power utility companies, nuclear air craft carrier, nuclear power plants, emergency rooms in hospitals, and such, i.e. organizations with excessive unexpected incidents, who all the same seldom fail (Sutcliffe K. 2003, p. 15).

3.2 Prerequisite: Framing Sustainability

When defining the organization's objectives and strategies, the NGO must also consider environmental, social, and economic aspects of its activities as well as respective consequences, i.e. it must consider sustainability. Such considerations must be organization-specific, as the current sustainability definitions, respective criticism, as well as suggested approaches for sustainability development currently do not offer much objective guidelines (see paragraph 2.1.4). Such framing of sustainability is also supported by the sustainable development measurement theory (see paragraph 2.1.2), as it requires to critically review measurement models before applying them to a specific situation, and if necessary adapt the model to fit the specifics and particularities of the situation to be measured.

To address the question what sustainability means for a specific organization, Bob Doppelt suggests designing and following a theory of change (sometimes also referred to as theory of success)³⁵⁸. Doppelt concludes that the failure of strategic programs to change the underlying thought patterns and behavior of employees are the primary reasons why strategic programs, including sustainability initiatives, fail to achieve their goals³⁵⁹. Doppelt summarizes: "to succeed, re-engineering and other change programs must be meshed with efforts to change the culture of the organization"³⁶⁰. According to Doppelt, achieving such cultural change (e.g. successful move towards sustainability) requires adjustments of governance systems, because of the following three reasons³⁶¹:

1. It is necessary to form alliances among the various internal and external sources of power that influence the direction of an organization.
2. It is necessary to construct feedback mechanisms that allow information about the organization's environmental and socioeconomic effects to reach all necessary stakeholders.
3. Information, decision making, and resource allocation mechanisms in sustainability-focused organizations must be fundamentally different from those employed in the traditional industrial model.

Doppelt finds that successful organizations, i.e. organizations that transform governance systems to foster cultural change and therewith lay the base for sustainability initiatives, employ a carefully constructed theory detailing how success will be achieved, i.e. they define a theory of change. Although they don't necessarily start their sustainability

³⁵⁸ Doppelt B. 2003, p. 70

³⁵⁹ Doppelt B. 2003, pp. 70f

³⁶⁰ Doppelt B. 2003, p. 71

³⁶¹ Doppelt B. 2003, p. 80

initiatives with a detailed strategy in mind, the respective executives thoroughly think through how they will transform the organization's social systems³⁶². Successful sustainability efforts view employees, volunteers, processes and stakeholders as interconnected elements in a system of success. Executives "take great care to understand how each step in the change process will interact with the others to form a natural reinforcing loop that leads to long-term transformation"³⁶³. In contrast, less successful sustainability undertakings seem to not have a theory of success, or one that is "based on fundamental misperceptions about the nature of their social systems and the types of changes required to become more sustainable."³⁶⁴ Doppelt sees distinct differences between organizations that successfully become sustainable and the ones that fail to do so: "[organizations] struggling to improve their environmental and socioeconomic performance tend to view the key factors of success in isolation rather than seeing them as parts of a whole"³⁶⁵.

Doppelt's research finds that leading organizations use uniquely tailored theories of change that define a sequence of interventions that offer the greatest leverage for change in the specific social system. Implicitly or explicitly, executives of organizations that successfully change their culture toward sustainability focus on activities around the following seven key leverage points³⁶⁶:

1. **Change the dominant mind-set and mental paradigm:** the stated and unstated ideas of the majority shape everything that a social system does. Changing the dominant mind-set and mental paradigm of an organization, i.e. the majority of executives and employees, and therewith changing the organization's overall frame of reference, has an impact on the way how the organization is governed and operated.
2. **Rearrange the parts of the social system:** the arrangement of the parts of a system determines how the system functions and therewith reconstructs the core elements of system changes and how the system operates. Rearrangements of the parts of a system may be achieved by engaging new people with different perspectives and skills, as well as by reshaping the way these people interact to accomplish their work.

³⁶² Doppelt B. 2003, p. 82

³⁶³ Doppelt B. 2003, p. 82

³⁶⁴ Doppelt B. 2003, p. 82

³⁶⁵ Other quotes of Doppelt to describe the difference of having a theory of change or not include: „Without a coherent theory of success, organizations usually end up pursuing a scattered array of activities and projects that lead to marginal improvements, dead ends or outright failure. An effective theory of change, however, provides the means to regularly examine proposed immediate and longer-term actions to determine if they will have a positive or negative effect and cumulatively lead to the desired outcomes. A sound theory of change is particularly helpful in identifying and preventing steps that may inadvertently undermine the entire change effort“ (Doppelt B. 2003, p. 82).

³⁶⁶ Doppelt B. 2003, pp. 83ff

3. **Alter the system's goals:** the goals of a system focus on attention and energy of the system's members. Goals that ignore or give minimal attention to the environment, employee or community welfare will lead to unsustainable decisions. Establishing the unambiguous purpose of attaining sustainability supports altering the organization's goals.
4. **Restructure the rules of engagement:** changing how the work is done will result in very different types of outcomes. Adjusting the rules that determine how the various units of an organization interact, as well as how information is produced, decisions are made, and resources are distributed, is a prerequisite for adopting a sustainability culture.
5. **Shift the information flows:** information shapes people's understanding and therewith their decisions. If sustainability-focused information becomes dominant throughout an organization, people are likely to grasp respective meaning and commit to change.
6. **Correcting feedback mechanisms:** feedback allows understanding the effects of choices and actions, as well as to make appropriate adjustments. The lack of consistent and credible feedback leads to poor understanding of respective situations and therewith to flawed decisions.
7. **Adjust parameters:** adjusting performance criteria, incentive and reward systems, measurement systems, structures, policies, and procedures changes behavior of employees and stakeholders regarding sustainability. However, such adjustments will have little effect if the core elements of the old governance system remain intact (i.e. if points one to six remain untouched).

In summary, development aid NGOs must build a clear understanding, what environmental, social, and economic aspects they see important and then map out how these aspects shall jointly be addressed when achieving the NGO's main objective: to change people's lives. Respective considerations may include operational aspects (e.g. requirements such as projects become financially self-supporting, neighboring beneficiaries can autonomously and independently start a similar project, preserve landscape in its originality, participation of marginalized groups, support children's school attendance, etc.) as well as more strategic and normative aspects (e.g. striving for water neutrality, for preservation of biodiversity, for climate protection, gentle use of natural resources, for balancing social forces, etc.³⁶⁷). Respective sustainability aspects must be open and flexible enough to incorporate new research as well as best practices. The success of these sustainability aspects depends on incorporating them into a theory of change and complementing them by the seven leverage points for cultural change described above.

³⁶⁷ Such aspects are strategic or normative as they require decisions regarding the details of how the activities and approaches of the development aid NGOs support respective sustainability intentions.

After having discussed the rationale of the Sustainability Measurement Framework as well as the pre-required sustainable development definition that an NGO must decide upon, the following paragraphs turn to the details of the framework. For each of the four sustainability levels, the three sustainability tasks are discussed and examples are described.

3.3 Project Initialization Level

Based on the assessment of project phases and project success factors regarding different leverage criteria (see paragraph 2.3.5), Project Initialization is one of the sustainability levels, i.e. one of the elements of project phases and project success factors that significantly influence sustainability. Project Initialization includes collecting project ideas, assessing and selecting them, as well as detailed planning of projects, including respective design and preparation activities.

The result of Project Initialization activities may be a project proposal to decide whether or not to continue with the project and start with the implementation. To achieve this result, different requirements, steps and milestones must be defined by the NGO, e.g. required social analyses, financial assessment methodology, etc. These requirements, steps and milestones are rather administrative (i.e. they consist of mainly planning activities but no implementation activities), and might be of little interest for implementation-oriented development aid NGOs. However, only preparation allows the subsequent project to be implemented smoothly. To balance efficiency and effectiveness, the processes of Project Initialization should be streamlined and seamless, but they must still allow iteration if necessary to ensure adequate project preparation and planning. Therefore, spending some additional resources for initialization, and therewith reducing the risks during the subsequent implementation (i.e. increasing the level of comfort to proceed towards project implementation) seems justified up to a certain level. Development aid NGOs must clearly signal their expectations regarding the balance of efficiency and level of comfort during Project Initialization, so that interested stakeholders can address this balance when preparing project proposals.

To achieve the best possible balance between efficiency and level of comfort, the development aid NGO must describe what steps and efforts are expected during the preparation of the project idea and writing of the project proposal, what considerations are required, what discussions must take place, what assumptions need to be tested, and what information is required to be provided for subsequent decisions. This preparation work is required for each milestone, and it allows the NGO to decide whether or not to go forward

with the project (i.e. develop the idea into a proposal or implement a project based on the project proposal) as well as to assess the sustainability of the planned activities (e.g. what marginalized groups will be included, from what renewable sources the electricity will come from, etc.). Respective information and decisions may also be related to beneficiary participation and involvement of stakeholders, especially donors, including the assessment which donors might be willing to support the project in question (for further considerations regarding linking donor interests with project objectives see paragraph 3.6).

The requirements defined during the initialization level do not only clearly signal the level of sustainability to be achieved, they also set the expectations of project partners and stakeholders in terms of execution and quality of the subsequent project phases, sustainability levels, and sustainability tasks (see paragraph 2.3.5). The decision whether or not to go forward with a project proposal must also consider what type of project is suggested (multiplication or experimental projects, see paragraph 2.2.5.2) in comparison to what types of projects the NGO currently conducts. As development aid NGOs must balance the number of multiplication projects and experimental projects, executives must assess what type of project is proposed and how a potential implementation of the project will influence the current balance of multiplication and experimental projects as well as the NGO's capacities.

3.3.1 Measure at Project Initialization Level

The matrix field 'Measure–Project Initialization' defines what information has to be collected by whom and by when, using what approaches, methods, and tools, as well as who has decision authority once all necessary information is provided. Measurement details must be defined for each milestone as well as for the result (i.e. project proposal) of the Project Initialization level. Besides measurements, the development aid NGO may also define authorities that are responsible for subsequent decisions (i.e. deciding whether or not to move the project proposal forward into project implementation) for each milestone, and result. Table 4 exemplifies how a development aid NGO may describe the required information, the people required to be involved in preparing the information, and who may take subsequent decisions for each Project Initialization status. It seems advisable that the NGO offers templates to receive the information in a structured way. And these templates may differ from project idea to project idea.

Clarity on the necessary requirements for each status serves two main purposes: it guarantees that all necessary project preparation work has been done by the applicable

project partners (i.e. project manager, beneficiaries, donors, etc.), and that all information for the subsequent decisions is provided at the right level of detail. The necessary information for preparation work as well as for decisions is specific to the development aid NGO and potentially to the project. For example, reforestation projects in arid areas (with minimum competition on land use from agriculture, but beneficiary farmers being nomadic people or pastoralists, i.e. clear land ownership rights may be absent) require specific information on availability of water, suitable tree species, tree growth rates, as well as how to engage nomadic farmers to ensure the necessary protection of the forest against cattle interference. In contrast, reforestation projects in arable areas (with competition on land use between forest areas and agricultural cultivation) require information about how to avoid competition between forest and agricultural use of the land and how to engage and motivate farmers long-term to protect the forest despite the requirement to increase agricultural production, i.e. from the expansion of agricultural fields. Other required information is identical for both projects, e.g. how to ensure funding, details of material supply, maximum allowed costs per beneficiary, time for the project to become self-sustaining, level of experience of all project partners, etc. The required information also includes sustainability-related information, and this information must mirror the sustainable development approach as defined by the development aid NGO (see paragraph 3.2).

Status (Milestones, Steps, or Results)	Required Information	Persons required to be involved	Decision Authority
Project Idea	Details of service, beneficiaries, contribution to changes in lives	None	Project manager
Project Proposal for Multiplication Project	Project plan (services, beneficiaries, results and assumptions), community assessment	Project manager of previous project, beneficiaries	Project sponsor and country executive
Project Proposal for Experimental Project	Project plan (services, beneficiaries, results and assumptions), country assessment, service assessment	Country executive, project manager, beneficiaries	Project steering board

Table 4: Examples of Project Initialization Level Milestones and Results including required Details (own Illustration)

A wide variety of tools may apply for measuring Project Initialization, including specialized tools for specific aspects (e.g. footprint calculation for environmental considerations, social balance sheet for social aspects, as well as profit and loss statements for economic aspects). While NGOs may decide themselves on applicable tools, two of the tools that are likely to

apply in every project are operational and financial planning (i.e. what activities to conduct in what combination with what resources). In order to measure and increase the sustainability of the proposed project, development aid NGOs may apply the Qualitative System Sustainability Index (see paragraph 2.1.2.2). This approach not only allows measuring sustainability, it also supports discussions on sustainable development and respective contributions of the project, and it allows designing the project for maximum sustainability. As the combination of tools and methodologies that development aid NGOs require for Project Initialization vary, clarity what a specific development NGO requires is important for stakeholders to effectively and efficiently prepare project proposals for this NGO.

3.3.2 Communicate at Project Initialization Level

The main decision to be taken upon the measurements of Project Initialization is whether a project should be started or not. Given the importance of this decision, the information available from Project Initialization measurement must be broadly communicated to everybody involved in taking the decision. The decision result must be communicated to all contributors in order for them to understand what was discussed during the decision (i.e. if the decision was taken with 90% or 60% agreement) and what critical points were discussed. It is likely that the critical points will be re-assessed during project evaluation, and therefore it seems fair for the project manager to know such critical points and pay special attention to them during project implementation.

Besides feedback to everybody involved in the information preparation, the communication of Project Initialization may also include communication to a broader audience. Such communication may serve different purposes, including informing employees and volunteers about new project ideas and projects (i.e. for them to participate and contribute any specific know-how that they have, or to provide latest information on future projects and directions of the NGO for street work, etc.), attracting donors, keeping up communication with donors, allowing continuous marketing messages, or attracting additional projects. Respective communication may include positive decisions (ideas and proposals to pursue) as well as negative decisions (ideas and proposals to postpone or to stop). By also explaining the main reasons for positive or negative decisions, the organization can underline expectations and priorities. Such clarity may help in future interactions with employees, volunteers, donors, media, beneficiaries, as well as any other stakeholder. Furthermore, the organization may disclose how many projects of each type (multiplication and experimental projects) and category (services, beneficiary groups,

countries, etc.) it supports for what duration, possibly supplemented with expectations regarding results, impacts, and assumptions. Such future-oriented information shows the priorities of the organization as well as its obligations and commitments. As communication tools, development aid NGOs may use internal project decision reports, as well as respective paragraphs in internal and external newsletters, and electronic media.

3.3.3 Learn at Project Initialization Level

Learning from Project Initialization may include a backward- as well as forward-looking direction. The backward-looking direction is related to the applicable measurements (including respective approaches and tools). If the decision process reveals that certain information is frequently missing, that the templates are not understood correctly, or that certain viewpoints (and stakeholders) are not involved in the preparation of the project proposals, feedback and adjustments to Project Initialization measurements as well as to the Project Initialization communication, including extension of approaches, tools, requirements and templates (see also table 4), is required. Such feedback may even include offering Project Initialization related education (e.g. best practices for project proposal preparation). The applicable tools for such learning and feedback include a suggestion box and frequent planning meetings to discuss and improve the Project Initialization processes, including applicable measurements and communications.

Regarding forward-looking learning, development aid NGOs must decide whether or not the critical points found in the milestone or project proposal will be carried forward and become relevant during the next project phases, i.e. at Project Result level. If the critical point is uniquely applicable for the specific project in question only, such application at Project Result level remains project-specific. If the critical points are understood to be relevant for a broader range of projects and activities, the application may be generally extended to the several sustainability levels and several sustainability tasks for all subsequent projects, i.e. Project Initialization learning potentially influences Measure, Communicate and Learn at Project Result level as well as Organization or Fundraising level for all future projects.

3.4 Project Result Level

Based on the assessment of project phases and project success factors regarding different leverage criteria (see paragraph 2.3.5), Project Result is one of the sustainability levels, i.e. one of the elements of project phases and project success factors that allow to significantly influence sustainability. The sustainability level Project Result includes monitoring,

evaluating, reviewing, and assessing project statuses (i.e. current level of achieved resources, activities, outputs, outcomes, or impact of a project, see paragraph 2.3.2 for further discussion of these Project Result grades for development aid projects). Monitoring, evaluating, reviewing, and assessing apply repeatedly at different times, milestones, and/or phases of a project. While the project initialization level strives for a balance of efficiency and the level of confidence, the Project Result level combines frequent undertakings to monitor, evaluate, review, and assess the current state of resources, activities, outputs, and outcomes of project implementation. As a development aid NGO may at any time have different projects at different stages in different phases, and maybe even different types of projects (i.e. focusing on different activities, potentially even different objectives), monitoring, evaluation, review, and assessment must accommodate parallel application to this broad range of projects with each of them being at a different stage and phase.

The sustainability level Project Result addresses all five result grades for each project. Grade 0a, 0b and 1 results apply several times and repeatedly during the execution of a single project. For grade 2 results, multiple applications may apply for multi-year projects that expect certain outcomes to be achieved within the project duration. Grade 3 results may apply only once for each project, and maybe not apply for a single project but only for a combination of projects that are intended to change the lives of beneficiaries together (for result achievement in relation to project duration see paragraph 2.2.5.2). In summary, the number of result measurements per project over time, as well as the subsequent sustainability tasks Communicate and Learn, depend on the scope and the duration of the project. At any one point in time, multiple results at potentially all grades must be measured in parallel for different projects with these projects being potentially at different stages.

3.4.1 Measure at Project Result Level

Measure Project Result defines what information related to project implementation has to be collected by whom and by when, using what approaches, methods, and tools. Given that the five result grades are relevant for the Project Result level, distinct measurements have to be defined for each of the five grades. Given that development aid NGOs primarily deliver their services through projects (see appendix XI), measurements are focused around supporting project management and possibly improving expected Project Result (while measurements at grade 0a, 0b and 1 mainly point at improving the current project, measurements at grade 3 mostly point at improving future projects, and measurements at grade 2 potentially point at both, current as well as future projects).

The following paragraphs describe measurement approaches and tools for each result grade. While tools may point to certain result grades, result measurements must be an integrated task and different measurements must link together and link back to re-planning (see paragraph 2.3.1). In order to account for such interlinking and backward links, the subsequent communication and learning tasks must allow for broader application of the information than the potentially narrow objective of the result grade that the information originates from.

3.4.1.1 Grade 0a: Inputs

Measuring inputs aims at ensuring the availability of sufficient resources for the project at any time, in the right amount, at the right quality. The main tools are actual reports and forecasts, i.e. expected availability of inputs in the near future. Deviations then compare the actual and forecasted level of inputs that are available to the project (i.e. money, community contribution, number of participants including their education and experience, etc.) with the expected level according to the project plan. In cases of deviations, the measurement must not only include the measured figure, they must also explain the reasons for the deviations (which might require an additional analysis to understand why the planned levels and qualities of inputs were not achieved) as well as potential consequences (including severity of such consequences) and potential approaches and actions to close the existing or looming gap (including conditions and subsequent effects of such corrective actions; these ideas are copied from the Balanced Scorecard, see appendix XXXIII, paragraph 5). While corrective actions are also subject to the subsequent sustainability tasks Communicate and Learn, the ‘Measure’ task shall already assess if actions that proved successful to close previous gaps may also apply for the current gap. If the preparation of explanations and suggestions needs additional analyses, and if they require more time than what the reporting frequency allows for, the measurement may simply include the current level of understanding as well as the planned next steps to derive explanations and suggestions, including the timeframe by when the detailed answers may be expected. The predominant tool for input measurements is a simple list showing the actual, forecasted, and planned level for each resource by project, including comments with explanations of deviations, consequences, and suggestions. The necessary prerequisite is a sound project plan with a detailed description of the required inputs (incl. amount, time, quality, etc.), which was developed during the Project Initialization level and which the Project Result level’s sustainability tasks Measure, Communication and Learn assess, improve, and decide upon. Any actions that are agreed upon must be added to future measurements of the current project.

3.4.1.2 Grade 0b: Activities

Measuring activities, i.e. assessing how project partners use the inputs, is very similar to measuring inputs. Aiming to understand whether or not all activities were conducted as planned (regarding sequence, time, extend, resources, and result), the predominant information to be provided is actual, forecasted and planned execution of activities, as well as deviations, explanations for deviations, potential consequences, and possible corrective actions to close activity gaps, i.e. deviations between actual and plan or forecast and plan. While deviations at Input level may not directly and immediately influence the activities (i.e. lack of funding may be filled short-term with alternative sources, lack of laborer may be solved short-term by offering slightly higher wages, which then requires additional funding, etc.), a direct and immediate influence of deviations in activities on subsequent activities is more likely, except in cases when the project plan includes buffers³⁶⁸. This direct influence results from the fact that according to the assumptions and planning, only the sum of all project activities leads to the intended changes in people's lives. And if one activity does not achieve the intended results, the subsequent activities or additional activities need to compensate this setback (see paragraph 2.4.3.4 and footnote 344). Therefore, delays in activities that cannot be compensated for require re-planning of the subsequent activities, either regarding achievable result level, funding (i.e. inputs) and/or time. Depending on the reasons for the gap in activities, the project might even be terminated, e.g. if beneficiaries have changed their minds and are no longer supportive³⁶⁹. Traditional project performance measurement tools, such as monitoring of time, budget, quality, and people of the activities (see paragraph 2.3.5) or GANTT charts (see footnote 886) shall apply as measurement tools. However, the applicable tools must allow understanding interrelations between activities throughout the project and if necessary re-planning of subsequent project activities. Any actions that are agreed upon must be added to future measurements of the current project.

3.4.1.3 Grade 1: Output

Outputs are types and levels of products and services that result in the short-term from the project activities. While grade 0a and 0b measurements primarily look at the NGO itself, output grade measurements extend the perspective to include conditions and assumptions, which are outside of the project partner's direct control (in contrast, Input and Activity

³⁶⁸ While every project plan needs to have some flexibility to accommodate the level of new aspects, see paragraph 2.3.4, major deviations and respective buffers are only planned for experimental projects. In contrast, the execution plan for multiplication projects should be relatively smooth.

³⁶⁹ Similar considerations may also apply for grade 0a deviations if they reach high magnitude, e.g. if a major donor terminates the support contracts or if a community refuses contribution.

measurements address only elements that are under the project partner's direct control). The logic of these conditions and assumptions are: if the necessary resources are available (grade 0a Inputs), if they are properly used during execution (grade 0b Activities), and if the underlying short-term assumptions and conditions hold true, the immediate results are being achieved (see paragraph 2.3.2)³⁷⁰. However, if certain conditions do not apply or have not been considered during project design and planning (e.g. the quality of building material is low and no quality control has been planned for, construction takes place during the rainy season and flooding destroys material, or beneficiaries start to use the not yet fully dried and therewith still weak construction), the output will not be achieved, or not to the full extent. However, in these cases, Inputs and Activities are as planned, the problem of not achieving the outputs lies in a change of condition (e.g. availability of high-quality material is no longer secured, and therefore a stronger emphasis on grade 0a measurements by adding quality control is required), assessment of the environmental conditions (e.g. assess the best time for construction) and a lack of education and training for beneficiaries how to use the well (e.g. the current level of know-how and experience of beneficiaries). All three problems might be overcome by adding additional activities to the project plan (i.e. by extending the list of critical inputs, by aligning construction time plan with local environmental conditions, and by training beneficiaries on usage and maintenance of the well). However, the underlying problem is not related to resources or activities, rather it is related to the assumptions made during project planning regarding what other aspects besides construction of the well have to be considered in order to achieve the envisioned outputs.

Applicable measurement approaches are similar to the ones suggested for Inputs and Activities: measure actual output levels, compare them with the planned levels and provide comments on reasons for deviations, including arising consequences and potential corrective actions. While the Input and Activity measurements have a strong emphasis on forecast, i.e. describe expectation levels for the near future in order to take corrective actions as soon as possible and to still allow the input to be available or the activities to finish successfully, such forecast for output measurements only concern subsequent activities or projects (because the output for the current activity or project has been achieved already, and it may only be augmented through additional activities). As the reasons for deviations lay outside the planned Inputs and Activities, deviation analyses may require significantly more time and resources than deviation analyses for Inputs and Activities, and they may include technical specifications, conditions during material transportation and throughout the supply

³⁷⁰ The logic for a fresh water well construction is: with enough building material, coupled with proper construction plans and well-educated and highly motivated labor, the successful construction of a fresh water well is possible.

chain, climatic and topographical conditions, governmental factors, etc. But most likely, the reason lies with a fact that has not been considered yet, or not thoroughly enough. And as the fact has not been considered yet, building a sound understanding on how this fact unfolds and influences outputs, i.e. analyzing deviations and designing solutions, may exceed the project's as well as the organization's boundaries regarding expertise and time. Therefore, designing solutions may involve internal as well as external experts, technical knowledge, approaches for thinking about radically new solutions, and it may also include intense testing of the suggested solutions. While suggestions to address deviations in Input and Activities may be drawn from the experience of the project team, respective suggestions regarding deviations of outcome results may exceed the competencies, experience and skills of the project team. Therewith, most suggestions might evolve during the subsequent sustainability tasks Communicate and Learn. During these tasks, external experts may be involved, new approaches may be discussed in-depth, and feedback regarding effects on other procedural and organizational aspects of projects and the organization may be collected.

Similar to Input and Activity reporting, the predominant measurement tools might be a list or a reporting template that lists the effective and planned outputs regarding time, cost, and quality, and the report should include comments on deviations, reasons, and suggestions (as far as they can be drawn from within the project team). In addition, the report may include general recommendations for subsequent activities or projects (such recommendations may relate to managerial aspects, cultural backgrounds, organizational complexities, or any other aspect that may improve future activities and projects). The main challenge of grade 1 measurements is to assess quality, and potential subjectivity of such quality assessment (e.g. is the quality of the pump good enough for the well to last for the envisioned five years in the planned environment and for the expected number of people?). While such quality assessments are important for future projects (e.g. change the pump's specifications, re-negotiate the contract with the pump supplier, or increase quality control for suppliers), respective assessments are difficult, and as we will see in the next paragraph, they also depend on how the beneficiaries effectively use the outputs. Nevertheless, reporting should include opinions from project partners regarding the quality of the output (maybe three positive opinions and three critical opinions).

3.4.1.4 Grade 2: Outcome

While Output was the first result grade where conditions and assumptions that are outside the direct influence of the development aid NGO impact the result, and therefore must be

part of the assessment, the impact of such conditions and assumptions on grade 2 results are even greater. Outcomes are the specific changes in project participants' behavior, knowledge, skills, status, and level of functioning (see paragraph 2.2.5.2). For wells, outcomes are the availability of water for families, reduction of time that females spend for fetching water, less death of cattle because of scarcity of water, etc. Therewith, outcomes are what beneficiaries do with outputs and how outputs are used for their own benefit. And given the fact that development aid projects are very much people projects (see paragraph 2.3.5), conditions and assumptions on what beneficiaries do with outputs are highly subjective, especially if they were considered well before the projects started, maybe with minimal participation of the beneficiaries, and potentially without taking increased experience of beneficiaries which they may gain during the project implementation into consideration (see paragraph 2.3.3).

Understanding outcomes as what beneficiaries use the outputs for, respective measurements shall focus on how the beneficiaries effectively use the outputs, what usages were planned or envisioned, why deviations apply, and how to close the deviation gap, i.e. what must happen in order for beneficiaries to use outputs in the way they were planned and envisioned to be used. Besides assessing to what level the outcomes have been achieved, the measurement must also review the effects and synergies resulting from the combinations of outputs, i.e. even if output measurements at grade 1 indicate individually good results for each output, the combination may still not offer the envisioned basis for beneficiaries to change their lives (an example of such unsuccessful output synergies is when wells are built successfully and cows are given to the farmers, but the cows are not healthy, because the farmers keep them at home instead of bringing them to the well, or the cows have enough water but still do not have enough food, or the number of cows and calves exceeds the water capacity of the well or of the area). To understand the combined effect of outputs, the majority of measurements should focus on understanding beneficiary behavior through surveys and selected accountability approaches (see paragraph 2.4.2). While quality assessment for outputs already raises the question of applicable measurement approaches³⁷¹ (see paragraph 3.4.1.3), assessment of behavioral change is even more difficult. Nevertheless, beneficiaries must be given a voice on how outputs allow them to change behavior (see principle four of Easterly's suggestion for searching what is really helping the poor, paragraph 1.1). While accountability-oriented feedback is important for outcome measurements, also budgetary, time, and quality aspects of the underlying outputs must still be assessed, with a special focus on understanding respective deviations.

³⁷¹ Easterly W. 2006, pp.378f

As outcome measurements only apply three to six years after the end of the project, it is important to stay engaged with the beneficiaries over all these years, i.e. to physically find the beneficiaries again after all these years (to conduct the survey) and to receive honest answers. Such engagement may be achieved with contractual obligations (e.g. agree for respective engagement before starting the project) or by finding ways to stay engaged in the project even after the termination of the main activities (see paragraph 2.2.5.2). Such engagement must be built into the initial project, i.e. outcome measurement feed back to project proposal requirements and Project Initialization measurements. For well construction, such extended engagement may be achieved by paying a local person to monthly measure water consumption and water levels of the well. Such measurements may also be useful for subsequent projects to better understand beneficiary behavior over time as well as changes in environmental conditions.

3.4.1.5 Grade 3: Impact

The final result grade, Impact, relates to fundamental changes occurring in people's lives and communities as a result of project activities within seven to 10 years (see paragraph 2.2.5.2 and footnote 184). Therefore, impact measurements not only look at the project, respective outputs and how the beneficiaries use them, they also look at other conditions that evolved and changed in parallel to the project activities and therewith shape possibilities and behavior of beneficiaries as well as other stakeholders. While understanding the magnitude of various complex and interrelated changes is difficult enough, impact is only achieved after completion of the project (see paragraphs 2.2.5.2), and therefore the development aid NGO may not have full understanding of how additional changes unfolded onto the beneficiaries after the project. Therefore, a significant part of the measurement information must come from outside of the NGO. To close this knowledge gap, development aid NGOs may again try to keep one foot in the door (see paragraph 2.2.5.2), e.g. by paying a local person to measure water consumption and water levels (see example in the previous paragraph).

The advisable measurement approach is impact assessment (see paragraph 2.4.3), which must be tailored to the requirements of the development aid NGO and the project. One such adaptation may be that expensive and time-consuming external audits are only applicable for experimental projects, or for multiplication projects where significant impact deviations become apparent (e.g. based on learning from outcome-related measurements). While impact assessment approaches may allow detailed understanding of how different developments change the lives of beneficiaries, more traditional reporting approaches, e.g.

general comparison of effective versus expected and envisioned changes in the lives of beneficiaries (without assigning the changes to specific projects or interventions) may still apply. Such general comparisons indicate to what extent the objectives of the development aid NGO are achieved in how many projects. Reports must measure long-term effects, including many of the sustainability-related measurements, e.g. the efforts women have to put into fetching water not only depend on the strength of the construction and the pump, but also on other aspects such as the long-term availability of water. And this long-term availability of water may again depend on multiple effects, such as changes in rainfall patterns (e.g. climate change), initiatives to support and increase the ground water table (i.e. reforestation activities), the number of people and cattle depending on the well (i.e. population growth), introduction of water-intense irrigation systems (i.e. advances in agricultural technologies), road construction which changes the sub-surface water streams, etc. Such effects can only be assessed in the long-term, either because they only evolve and develop over a long period of time (e.g. number of cattle per family, population growth, girls school grade as they spend less time fetching water, forests development to protect soil and support water table, etc.), or because they fluctuate in the short run and only long-term average values show respective changes (short-term family income depends on market prices, yield of agricultural production depends on climate condition, etc.). While such general assessments of overall changes are important and informative, only a detailed understanding regarding the different influences that beneficiaries are confronted with, their directions, dependencies on these influences, as well as the reaction of beneficiaries to the influences, allows assessing the effectiveness and efficiency of a single project in complex systems of change. To draw learning for subsequent projects and to continue a sustainable development of the NGO, detailed understanding of contributions, dependencies, and conditions for success of projects and interventions must be built, especially for experimental projects. Impact assessment is an approach that allows and enforces to engage internal as well as external information to build a comprehensive understanding of these complex systems of change.

3.4.1.6 Summary Measure Project Result

Summarizing the five grades of measurements, an organization may have at any point in time (e.g. each quarter) different projects to report on, with different focus of the respective measurements (i.e. different result grades) as well as different decisions to be taken. Table 5 summarizes the findings for each grade, and it includes suggestions on the frequency of measurements. Measurements of grade 0a and 0b (Inputs and Activities) apply multiple times during the project's duration, i.e. the quarterly status report describes what resources

are available and forecasts their availability for the next two quarters, later it shall describe what activities have been executed and forecast what the next steps are. Inputs and Activities may be reported in parallel. While each project must report Inputs and Activities individually, the information must be aggregated at higher levels into an overall report, which combines Inputs and Activities of all projects, maybe at different levels (e.g. at country, at project type, and at organizational level).

Measurements of grade 1, 2 and 3 tend to apply only a few times for each project, e.g.: output measurements apply at the end of the project after project completion, outcome measurements apply two and five years after completion of the project, and impact measurements eight years after completion of the project. The measurements apply at any time during the year, e.g. two years after project completion in the same month that the project was completed (i.e. not by year-end after two years of project completion). Exception of this timeline may apply in cases when measurement is most insightful at a specific time of the year, e.g. after the rainy season. In these cases measurements shall follow these exceptions, not the completion date.

Grade	Focus	Frequency	Objectives	Measurement for well project
0a: Inputs	Availability of resources	Quarterly	Fill forecasted gaps in time, adjust to project requirements.	Amount of stones, quality of cement, expertise of labor, etc.
0b: Activities	Execution of planned activities	Quarterly	Assess management efficiency and effectiveness, understand resource requirements, and set managerial priorities.	Material supply, preparation work, training of labor, agreements on water use, etc.
1: Outputs	Physical results	After project completion	Understand condition and assumptions for success.	Quality of the construction, strength of pumps, etc.
2: Outcome	How the beneficiaries use the physical results	Two times: 2 and 5 years after project completion	Understand how beneficiaries effectively use the physical results.	Availability of water, time spent for fetching water, death of cattle, etc.
3: Impact	Influence of the sum of all changes on beneficiaries	Once: 8 years after project completion	Understand how all developments and changes have impacted beneficiaries.	Nutrition situation, school grades of girls, family income, health, etc.

Table 5: Summary Measure Project Result (own Illustration)

The Dashboard of Sustainability (see paragraph 2.1.2.1) offers a tool to present all measurements graphically. The inner circle is the weighted achievement of all objectives. The middle cycle summarizes the achievements for each sustainability dimension (i.e. Environment, Society, and Economy) for each grade (i.e. 15 indicators: three dimensions for five grades). The outer circle describes the achievement of individual measurements for each of the 15 indicators. The following list provides examples of such measurements for the three dimension indicators for result level 0a:

- Measurements for environmental dimension of grade 0a: environmental depletion from collecting stones (used as construction material), environmental impact from harvesting wood (used as construction material), consumption of water during the project activities, etc.
- Measurements for social dimension of grade 0a: female participation (regarding community funding or labor), education offered to daily laborers, etc.
- Measurements for economic dimension of grade 0a: availability of funds, availability of labor, etc.

Using five measurements for each of the 15 indicators results in a total of 75 measurements. In order to use these measurements for the Dashboard of Sustainability, the measurements must use the same scale, e.g. a scale of -2 to 2 (indicating: ‘much worse than expected’, ‘worse than expected’, ‘as expected’, ‘better than expected’, and ‘much better than expected’). Therefore each applicable project must be ranked using this scale for potentially all of the 75 measurements (as described above, for any one project grade 0a and 0b measurements apply often and in parallel, grade 1, 2 and 3 measurements apply later and independently, so if a NGO has five concurrent projects, maybe 180 measurements apply³⁷²). Then all the 75 individual measurements for each project (e.g. availability of fund per project) are aggregated into a total measurement (e.g. total availability of funds), resulting in 75 measurements. These 75 total measurements are then used to draw the dashboard. For smaller or young organizations, grade 2 and 3 measurements (Outcome and Impact) may not apply in every quarter (instead they only apply in quarters when one of the old projects passes the timeframe of two, five or eight years after completion), and therefore the respective measurements and indicators remain empty or white.

If a NGO feels that adding different result grades into one single dashboard reduces crucial insights regarding the different result grades, one dashboard per result grade may apply. If

³⁷² Four current projects require 15 grade 0a and 15 0b measurements, one current project requires 15 grade 1 measurements, two previous projects require 15 grade 2 measurements, and one previous project requires 15 grade 3 measurements.

aggregation of measurements applies, two additional considerations are important. The first consideration is related to the statistical effect that aggregation may even out the very extreme results: the average of 2, 2, 2, and -2 is 1, but interpreting this result as ‘no action to be required’ is wrong since one project desperately needs consideration. Therefore, additional rules may apply, e.g. every -2 rank must be dealt with separately, or if more than 10% of the projects show a -2 rank, the total measurement becomes -2, regardless of what value the aggregation calculates. The second consideration is related to the nature of sustainability in development aid environments. NGOs and projects shall strive for sustainable development (i.e. increasing sustainability during the course of the project) instead of expecting to meet a certain sustainability standard on day one (see paragraph 2.1.1.2). Therefore, the measurements must be subjective regarding the sustainability level, e.g. in an early project, 20% female participation is more than expected and the project ranks 1, but in a later project phase, female participation of 50% is below expectation it only ranks -1. Therewith, the dashboard does not indicate the achievement of a sustainability standard, it rather describes where a development NGO and its projects are on the planned and envisioned route of sustainable development. Therefore, it may be useful to rename the dashboard, e.g. as Sustainable Project Portfolio Dashboard.

3.4.2 Communicate at Project Result Level

The decisions to be taken based on the communication of Project Result are related to the actual projects as well as to future projects. Regarding actual projects, the decisions relate to whether or not to keep project management as it is and as planned, or if significant shifts are required to ensure sufficient resources, seamless execution of activities, and achievement of envisioned outputs (and if so what these shifts should look like). These decisions are mainly based on grade 0a (Input), grade 0b (Activities) and maybe grade 1 (Output) results. While all these questions may also point to future projects (e.g. decision on new funding strategies also for future projects, etc.), the main decisions for future projects result from grade 2 (Outcome) and grade 3 (Impact) result measurements, i.e. whether or not the beneficiaries use the outputs in the envisioned ways and how the project, coupled with other changes, changes the lives of beneficiaries. While decisions regarding the current project may be taken immediately and small corrective actions may be sufficient (e.g. a phone call of a senior executive to promise payment of material may smoothen material supply), changing the design of future projects or designing an additional project to close remaining outcome gaps potentially requires significant time and resources (i.e. understanding why the gap remained open in the first place, testing project ideas, ensuring supply of new technologies, etc.). Therefore, communication of grade 0a, 0b and 1 results must be timely and solution

oriented (i.e. decisions whether or not to implement a suggested corrective action can be taken within a short time). In contrast, communication of grade 2 and 3 results must be broad regarding content (i.e. describing the situation in detail) as well as regarding recipients (to capture as many ideas for future solutions as possible).

Donors and stakeholders who are not familiar with the details of the project and the local conditions may have difficulties to understand the full details of broad communication. Therewith, communication entails inherent risks of negative consequences on donor support and donation levels, especially in cases of ‘worse than expected’ results (see paragraph 2.4.3.4). As the social returns of a NPO’s activities are hard to measure (in contrast to financial returns), Ann-Kristin Achleitner et al. see risks in communicating such figures broadly. Even if the results are good, Achleitner et al. do not advise broad communication, unless an organization trains recipients in how to read the figures³⁷³. While Achleitner et al. are critical regarding broad communication of social return figures, they agree that bigger donors exert significant power on NPOs regarding the disclosure of information (major donors provide significant funds to the NPO’s cause³⁷⁴ and may therewith have the power to impose conditions onto the NPO regarding to the manner of reporting Project Result, i.e. they influence how the funds are used and what results the funds lead to³⁷⁵). They even conclude that donors have a right for information (partly because broadly accessible externally verifiable social figures are not available)³⁷⁶. The influence of major donors may even exceed reporting when they are offered a seat in the NPO’s board, a separate grant-making foundation funds in specific causes is established, or by instructing donors how to invest their money as long as it is not used to pay project expenses (e.g. advise of only investing in risk-free capital market assets, or investing in fixed-term deposits)³⁷⁷. In summary, donors may impose excessive reporting requirements on development aid NGOs, partly because social returns are hard to measure and few commonly accepted approaches exist.

While major donors may be strong enough to ask for specific reporting, communication of Project Result must encompass all stakeholders. Given the range of Project Result grades (Input to Impact) and their differences regarding complexity and interdependencies that need to be understood regarding the measurements, communication may combine standard reporting and in-detail analyses. The standard reporting focuses on frequent, timely

³⁷³ Achleitner AK et al. 2007, p. 10

³⁷⁴ Achleitner AK et al. 2007, p. 58

³⁷⁵ Achleitner AK et al. 2007, p. 61

³⁷⁶ Achleitner AK et al. 2007, p. 61

³⁷⁷ Achleitner AK et al. 2007, pp. 61ff

information about facts and deviations (including comments on deviations regarding Inputs and Activities). Such standard reports should be broadly available to internal volunteers and employees (however, with a clear restriction to use respective information only internally). Internal reporting may include instructions how to use respective findings in everyday work (e.g. as messages for street work). In contrast to internal reporting, external reporting may be at a summary level only and disclose major findings instead of detailed facts. Such reports may be broadly available, e.g. through social media, and therewith they support an ongoing communication with donors (especially minor donors do not have much influence on the NGO) and other interested stakeholders. The design of the standard reporting should be formal, i.e. format, frequency, content, recipients, etc. should be clearly defined. The second communication approach, the in-detail analyses, is less formal. Content, frequency, and time required for preparation is highly dependent on the subject in question (e.g. deviation in outcomes). These detailed analyses (including underlying final project reports, accountability reports, impact assessment analyses, etc.) should be restricted to internal use only insofar as they may include internal secrets and intellectual property that may be worth being protected from public distribution. However, the internal distribution must be transparent, so that everybody knows what information is received and who else has access to the same information. This may prevent rumors being spread on why certain information is being provided to certain employees and volunteers and not to others, or why some information is not distributed at all. At the same time, all volunteers and stakeholders that do receive information are obliged to use the information carefully (e.g. not distributing it any further without prior permission). While in-depth analyses may only be distributed internally, using an excerpt for broad external distribution seems advisable. If stakeholders know that a project is scheduled to be finished, a final report is expected (at least a simplified version) and a lack of such information may raise questions from stakeholders.

In summary, four different communication tools may apply at Project Result level: standard report broadly distributed internally (e.g. in quarterly internal newsletter), excerpt of standard report at summary level broadly distributed externally (e.g. as quarterly external newsletter), detailed analyses on Outcome and Impact for selective internal distribution, and excerpt of detailed analyses on Outcome and Impact for broad external distribution.

3.4.3 Learn at Project Result Level

While learning at Project Initialization level is related to match results with expectations, learning regarding Project Result must match the two levels of decisions that NGOs must take regarding project results: first at an operational, execution-oriented level (running all

projects successfully in terms of time, budget, and quality), and second, at an assumption level (understanding the external conditions, applying the right assumptions, and changing the assumptions in response to developments in the external conditions). These two decision levels are consistent with the two types of projects that NGOs must undertake (based on Easterly's suggestion how to fix development aid, see paragraph 2.3.1): projects that multiply what has previously proved to work (i.e. efficient multiplication projects), and experimental projects which aim to find what works (i.e. effective experimental projects). Ideally, the learning approach mirrors the two levels of decisions (learning regarding efficiency of project execution as well as learning regarding project effectiveness and underlying assumptions). One learning approach that mirrors these two levels of decision making that Project Result level requires is single-loop and double-loop learning: increasing efficiency for grade 0a, 0b and 1 results (i.e. single-loop learning) and questioning underlying guidelines and assumptions for grade 2 and 3 results (i.e. double-loop learning).

As appendix XIX shows, single-loop learning³⁷⁸ describes feedback situations striving to detect errors in existing processes and routines and corrects them without questioning and adapting the governing values. Therefore, single-loop learning improves context-specific skills, abilities, and knowledge, but it does not question the frame or the reference that guides the problem-solving behavior. In addition, double-loop learning³⁷⁹ questions the rules of the game, as well as the frame of reference, and therewith, the core assumptions, values, and beliefs of the situation in question. Single-loop and double-loop learning are not opposing concepts, instead they apply simultaneously: whenever there is a vague feeling that something is still not right with the project, despite significant single-loop learning, or if improvements stagnate, a separate double-loop learning circle should apply³⁸⁰. Development aid NGOs may implement this simultaneous application of single- and double-loop learning in a way that if grade 0a, 0b and 1 results do not increase despite repeated single-loop learning (i.e. increased project management approaches to secure resources and seamless project execution), double-loop learning based on the question how to design projects differently in order to avoid resource bottlenecks, how to improve processes (i.e.

³⁷⁸ According to Chris Argyris, organizations “create designs for action that they teach individuals to produce skillfully in order to achieve the organization’s goal effectively” (Argyris C. 2005, p. 262). These designs are elements of a master program that organizations define and implement in order to guide employees and their behavior. Such routines are necessary to allow for timely actions and responses to the occurring problems, because seeking for ways to deal with such problems whenever there is an occurrence would absorb too much time. Therewith, routines “make organizational life manageable” (Argyris C. 2005, p. 262). And acting within such routines, i.e. detecting errors and correcting them without questioning and adapting the governing values, is what Argyris calls single-loop learning (Argyris C. 2005, p. 263).

³⁷⁹ According to Chris Argyris and Donald Schön, double-loop learning changes the governing values of a project or an organization. Such significant changes also require changing the respective performance measurement, or at least adapting the expected results, and therefore double-loop learning changes the definition of effective performance (Argyris C./Schön D. 1978, p. 22).

³⁸⁰ Dooley J. 1999, p. 14

seamlessness, as well as time and quality of execution), as well as how to ensure that outputs are achieved in terms of time, budget, and quality must be started (e.g. separate, pre-defined meetings with respective discussion topics and decisions must take place). In a similar way, learning from grade 2 and 3 results shall not be limited to double-loop learning, instead learning for efficiency may also apply if possible (e.g. understanding how different project management decisions have led to outcomes, and what compromises during the execution of the project have led to subsequent impacts for beneficiaries).

The lessons learnt should be integrated into the element Measure at Project Result level but should also be linked to the Project Initialization level since it has a bigger leverage on project impact and sustainability than project execution (see paragraph 2.3.5). Therefore, people engaged in single- or double-loop learning processes at result level should always ask themselves, if and how learning must address Project Initialization (e.g. by extending project proposal templates, by asking how learning from previous projects may be increased, if decision criteria on project preparation must be adapted, etc.). Linking learning back to the initialization level ensures that subsequent projects benefit from the mistakes of previous projects. If development aid NGOs engage in such backward learning, it is by acting strongly on weak signals, and use minor mistakes as learning opportunities to increase processes, which then allows them to implement counteractions before the unexpected unfolds. One approach that supports such counter-intuitive management practices is attentive management, a management approach that High Reliability Organizations regularly apply (for further details on HROs and attentive management see appendix XX). Especially the idea of transparent and broad communication may allow development aid NGOs to build and retain an open, aspiring learning and feedback culture, which may allow for reaching new levels of project results and sustainability³⁸¹.

3.5 Organization Level

While the previous sustainability levels, Project Initialization and Project Result, were derived from project management theory and are therefore primarily concerned with project management considerations, the importance of the sustainability level organization results from the various managerial and organizational analyses of development aid NGOs and from the analyses of performance management approaches. The managerial and

³⁸¹ The attentive management approaches that appendix XX suggests development aid NGOs to apply include the active fight against the tendency to look for one-sided arguments that confirm the current expectations; open communication broad but decisive, distribution of information, and investing in human relationships; search for the person with the most appropriate knowledge; being clear about the status and perception of each project; constant questioning, assessing, reworking, designing and influencing expectations regarding the project context; seeing mistakes and failure as learning opportunity; and building flexibility into the project.

organizational analyses of development aid NGOs conclude that success at project level does not necessarily result in organizational level success, and therefore additional considerations are required³⁸² and they are at organizational instead of at project level (see paragraph 2.2.6). The analysis of performance management approaches suggests using established performance management approaches of for-profit organizations as a benchmark³⁸³, but emphasizes that organizational level measurement is advisable (see paragraph 2.4.1). Given the reasons for the importance of the sustainability level organization, the two main objectives of the sustainability level Organization are to ensure sufficient organizational capacity, i.e. allowing for seamless project execution, and to assess the project portfolio regarding its balance and sustainability.

Studying capacity-building undertakings of various NPOs, McKinsey & Company in partnership with Venture Philanthropy Partners, several other philanthropic organizations, as well as sector experts, concludes that capacity building undertakings allow NPO executives to move beyond strong projects, and therewith build truly high performing organizations³⁸⁴. To support executives in such undertakings, the study derives a framework for defining capacity (see figure 9) as well as a tool for measuring capacity.

The capacity framework suggested by McKinsey & Company (see figure 9) consists of seven elements³⁸⁵, which are shaped as a pyramid, with three higher-level elements (aspirations, strategy, and organizational skills³⁸⁶), three foundational elements (systems and infrastructure, human resources, and organizational structure³⁸⁷) and a cultural element³⁸⁸

³⁸² These analyses conclude that development aid NGOs must first conduct timely bound projects, strive for impact, and remain independent, second, balance project flexibility and execution efficiency, and third, re-design projects, communicate, and learn, and finally engage with donors, staff, and beneficiaries.

³⁸³ Different studies suggest that operational performance management is no different for NPOs and development aid NGOs than it is for for-profit organizations. Hence, development aid NGOs may build on the tools, processes and methodologies that for-profit organizations successfully apply and use for operational performance management. But for strategic performance management, where significant differences exist for NPOs and for-profit organizations, development aid NGOs need to find alternative approaches (see paragraph 2.4.1).

³⁸⁴ Venture Philanthropy Partners 2001, pp. 13f

³⁸⁵ Venture Philanthropy Partners 2001, p. 37

³⁸⁶ Venture Philanthropy Partners 2001, p. 33: **Aspirations**: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and direction. **Strategy**: the coherent set of actions and programs aimed at fulfilling the organization's overarching goals. **Organizational Skills**: The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building.

³⁸⁷ Venture Philanthropy Partners 2001, pp. 33f: **Human Resources**: the collective capabilities, experiences, potential, and commitment of the organization's board, management team, staff, and volunteers. **Systems and Infrastructure**: the organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization. **Organizational Structure**: the combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure.

³⁸⁸ Venture Philanthropy Partners 2001, p. 34: **Culture**: the connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance.

which connects and embraces all other elements³⁸⁹. This framework shall serve as frame of reference for the following paragraphs to derive measurements regarding strategic and operational capacity, as well as to structure subsequent communication and learning.



Figure 9: Capacity Framework (Venture Philanthropy Partners 2001)

After defining the objectives of the sustainability level Organization and introducing the applicable capacity framework, the following paragraphs discuss the three sustainability tasks Measure, Communicate and Learn at Organization level.

3.5.1 Measure at Organization Level

To measure the sustainability of the project portfolio and the capacity of the organization, development aid NGOs may first of all turn to standard performance measurement approaches, especially for operational performance measurements (see paragraph 2.4.1), as well as for financial accounting (see appendix XVIII). However, as the approaches and tools analyzed by Tiebel, Siebart, Zischg and Horak mostly concern economic aspects, these

³⁸⁹ Venture Philanthropy Partners 2001, p. 33. For a better understanding of the overall design and the elements of the framework, McKinsey & Company offers an assessment tool with a variety of further considerations as starting points, which allows NPOs to further understand the dimensions that each element may encompass, as well as to assess their specific capacity building undertakings (see Venture Philanthropy Partners 2001, pp. 80ff).

operational performance measurement approaches must be extended by measurements that concern environmental and social aspects, the two additional dimensions of sustainability besides economy. Besides extending operational performance measurement with considerations regarding environmental and social aspects, development aid NGOs also need to consider strategic performance measurement and tailor them to the specific sustainability understanding of the development aid NGO and the project that it conducts to achieve the change in beneficiaries' lives (see paragraph 2.4.1).

The second objective of organizational level measurement is to assess the organization's project portfolio and to ensure a balanced portfolio of projects. A balanced portfolio looks at the combined picture of all projects and their results, and it assesses if the organization's requirements are met, e.g. all organizational objectives are addressed adequately, all project managers are engaged, all ethnic groups in a multicultural country benefit from the projects, a certain percentage of projects tests new approaches (e.g. 20% experimental projects), certain projects test latest sustainability aspects or technologies to understand and prepare their future use (e.g. energy autarchy, mobile business, etc.), certain projects address the need for new beneficiaries (i.e. they accommodate the changes in people's lives and prepare to offer new services to the same beneficiaries or the same services to new beneficiaries), etc.

Besides assessing general portfolio aspects, measurement at organizational level must take into consideration learning from Project Initialization as well as learning from Project Result level (specifically learning from impact assessment, see paragraph 2.4.3.4). E.g. if respective learning indicates that certain projects are only successful if additional aspects are incorporated (e.g. beneficiaries only support protection of natural resources if the projects incorporate certain income generation aspects), not only Project Initialization measurements should be adjusted (e.g. project proposal templates require suggestions regarding income generation), also Organization level measurements regarding performance and project portfolio must reflect such learning (e.g. include measurements on income generated by beneficiaries, add income generation projects to the project portfolio that beneficiaries can choose from, etc.).

3.5.2 Communicate at Organization Level

Measure at Organization level distinguishes between operational and strategic aspects (with the operational aspects not having been explicitly mentioned in paragraph 3.5.1 as respective best practices are commonly agreed upon by Tiebel, Siebart, Zischg, and Horak,

see paragraph 2.4.1). Communicate at Organization level must mirror this differentiation of operational and strategic aspects. Operational information, especially financial information that stakeholders know exist, may be distributed broadly, but the details of strategic, future oriented information may at first only be distributed in a close circle of executives (the reason for this being, among others, that development aid NGOs must be allowed to assess and test internal capacity building initiatives before being required to broadly communicate their details, see paragraph 2.4.2.3.5). Nevertheless, the main ideas and directions of strategic performance measurement, capacity measurements, as well as regarding project portfolio should not only be communicated internally but also externally to stakeholders in order to disclose the strategic facts, illustrate the objectives and values of the NGO for strategic change, as well as to provoke feedback from stakeholders and ensure their support and contribution.

Stakeholders know that financial statements as well as information on sustainability, capacities and project portfolios exist. Holding such information back may raise unnecessary questions why it is not publicly available. While providing information is important, it should be rather limited in scope and it should remain stable (i.e. no changes in the information that is offered). Besides simplified financial statements, such information should be related to the key efforts of the NGO regarding sustainability (e.g. three information elements for each dimension), and one bit of information for each element of the capacity framework (see figure 9). All this information should directly relate to the NGO's main objective, i.e. to the types of changes that it wants to bring to the beneficiaries' lives. Information on capacity achievement and strategic initiatives might be reported separately as such information is only relevant in times when the NGO undertakes respective initiatives.

For external recipients, the information may be provided in the annual report, except for the financial information (which might be provided in the form of a simplified financial statement). Internally, respective information may be provided in a more report-like format, and maybe with additional information such as three-year development overviews or details for specific countries, beneficiary groups, or services. Any such communication must follow the principles of information responsibility and confidentiality.

3.5.3 Learn at Organization Level

Financial accounting information may lead to single-loop as well as to double-loop learning: unused restricted funds at the end of the year may lead to a Project Initialization

measurement striving to conduct more of the respective projects in the following years (single-loop learning), while increased restricted funds over several years may lead to a change in the NGO's fundraising approach or the NGO's objectives (double-loop learning). In a similar way, information on sustainability, capacity, and project portfolio lead to single- as well as double-loop learning. In summary, double-loop learning may be predominant as Project Initialization and Project Result levels have already addressed aspects that may be discussed during single-loop learning discussions at Organization level (e.g. project delays because of limited back-office capabilities, lacking skills to deploy renewable energy technologies, or delay in experimental projects). Nevertheless, at Organizational level, the NGO shall offer discussions that address single-loop as well as double-loop learning cycles.

Feedback from Organization level learning may relate to a broad variety of aspects, including all sustainability tasks of the Project Initialization and Project Result levels. While the previous levels assessed mainly single projects, the Organization level learning may lead to decisions concerning the overall organization, including adding a new project type to the project portfolio, adjusting personnel resources (e.g. additional types of project managers with specific background regarding certain approaches, countries, or technologies), investing in infrastructure and capacities (e.g. implementing a new internet-based collaboration platform for global projects), reducing bottlenecks, increasing service levels, as well as "make or buy" decisions (e.g. to outsource bookkeeping). The decisions may also target the NGO's sustainability definition (e.g. to extend the current focus towards the availability of water, to include school infrastructure and student clothing, and to increase education of girls). Such decisions need thorough considerations, and they may be prepared in frequent planning and strategy meetings with participants from the executive team and other internal and external experts that may contribute relevant expertise and experience. In addition to the planning and strategy meetings, a suggestion box may be offered to capture any ideas from other internal and external stakeholders.

3.6 Fundraising Level

Fundraising is a prerequisite for conducting development aid projects and therewith for the survival of development aid NGOs (see paragraph 2.2.5.1 and appendix XI). The objective of the sustainability level Fundraising in the Sustainability Measurement Framework is to define how information for donors and on fundraising success is collected, communicated and how learning is derived. The Fundraising level specifically concerns linking donors with projects, i.e. assessing which donors might be willing to support what types of projects and which specific projects (see also paragraph 3.3).

3.6.1 Measure at Fundraising Level

While major donors have the power to request specific reporting (see paragraph 3.4.2), other donors do not. However, such minor donors are still important (they may allow for sponsoring, support media coverage, and last but not least, some of them may become the next major donors). Therefore, development aid NGOs must proactively offer information to all their donors, especially minor donors that do not have the power to exert direct influence on development aid NGOs and their information offering. While such broad donor reporting is important, considering adequate efforts to satisfy all data collection and information gathering needs is crucial, e.g. by aligning different measurement approaches to extract donor reporting information as easily as possible, but still carefully enough to offer donors the right fundraising messages (see paragraph 2.4.3.4).

As donors support the cause of the development aid NGO (see paragraph 2.2.5.1), any information shall be achievement-oriented, i.e. pointing directly to the project's objectives. Respective information is typically collected during the measurement phase of Project Result. And instead of collecting this data again, Fundraising level measurement shall describe how the previously prepared information (at Project Initialization, Project Result and Organization level) may be augmented and shaped for reuse for fundraising measurements. Therefore, measurement at Fundraising level is primarily concerned with defining what information donors receive (specific as well as general donor reporting), where such information has already been collected, and how it can be reused and translated into fundraising messages for donors. If certain important donor reporting data is not available, i.e. it has not been collected before, feedback with other sustainability level measurements must apply to clarify whether respective measurements might be interesting for them and how to collect them at the respective level. Therefore, fundraising measurement is very much concerned with defining different donor reporting (for major donors as well as for minor donors, possibly for different activities of the NGO), then with influencing and reusing information from other sustainability levels, and finally translating such information into fundraising messages for the different donor reporting. In addition to project status and project results, fundraising messages also include sustainability-related information (for projects, for the NGO as a whole as well as general education regarding the NGO's sustainability understanding, see paragraph 3.2). For such sustainability information, the same approach applies as for project information: align with measurement of other levels and re-use as much information as possible.

Beside external oriented information, Fundraising level measurement must also provide all necessary internal information related to the NGO's fundraising. At the minimum,

information must be related to fundraising activities (i.e. different fundraising approaches such as mailing, street work, etc.), to donors including donor groups (e.g. organizations, private persons, including respective further details such as general donations, donation for a specific cause, spokesmen through cause donations, etc.), as well as to occasions (i.e. in response to natural disaster, annual fundraising activity before Christmas, special events with partners, etc.). Such information should not only measure fund levels, instead, the measurements should try to also reflect donor behavior, i.e. which donors respond to what fundraising activities and how they increase or decrease their support for different projects of the development aid NGO over time. Such comprehensive measurement might be supported by respective customer relationship management software applications. Collecting information about donors might include frequent meetings with donors, e.g. annually inviting major donor individually for lunch, annual road shows for organizations, annual information events for the public, etc. Such personal meetings may also serve for communication and learning which are described in the following paragraphs.

3.6.2 Communicate at Fundraising Level

Communication of fundraising measures and messages must mirror the two lines of fundraising measurement: external communication to different donors about the status of projects, and internal communication regarding fundraising success. External information may be split into public information and donor specific reporting. Public information is broadly available to minor donors and to the general public. Respective communication tools may include quarterly newsletters, electronic media including social media, frequent road shows, as well as information events. Such communication approaches must be coupled with respective marketing tools (see appendix XII), especially information material such as brochures. The specific information and reporting for major donors is typically tailored to the requests of the donors. However, as major donors have a close communication with the NGO, agreements may be reached on the details of the reports, and therefore the NGO may influence the reporting requirement to fit its capabilities and capacities. If major donors are seen as early adaptors, i.e. their requirements may turn into general request of the public or governments, and they may serve as learning opportunity. Efforts for donor reporting are significant but they seem acceptable (see appendix XVIII). In summary, communication with donors should allow them to assess the project status and the project progress, in cases of specific donors using the donor's own standards, as well as to understand results and sustainability at all five grades of project results (Inputs, Activities, Outputs, Outcomes and Impacts, see paragraph 3.4.1).

External information shall also include donation-related information. Such information may be useful for beneficiaries to follow funding progress for ongoing projects, to understand backgrounds of major donors that support projects, to assess changes in donor structures, and to understand changes in donor requirements. In addition, such transparency might be an important element of early donor participation (i.e. engaging them emotionally, see paragraph 2.2.5.1), as well as for beneficiaries to understand the funding of the project and design the project activities to meet the respective financial frame (see paragraph 2.4.2.3.3).

Internal fundraising-related information may be distributed broadly to employees and volunteers, and such distribution must therefore follow a clear information responsibility scheme. In summary, the information must inform recipients about fundraising effectiveness and efficiency (i.e. running the right fundraising activities, targeting the right donors, matching the right project with interested donors, as well as keeping administrative costs low, increasing fundraising output, and increasing targeting of donor groups). As volunteers are oftentimes involved in fundraising (see paragraph 2.2.5.3), transparent information on success and achievement of fundraising activities, as well as changes in donor behavior, serves as feedback for these volunteers, motivates them, and steers their future behavior. As fundraising is the main source of funding for development aid NGOs (see paragraph 2.2.5.1), executives must be informed regularly and in great detail regarding fundraising success, because if donors refuse further support, the future of the projects and therewith the survival of the NGO as a whole might be at risk. Therefore, early understanding of changes in donor behavior and success of fundraising activities is important so that respective actions can be taken in due time. As for communication of all previously mentioned sustainability tasks, confidentiality of fundraising information is important. Anyone who receives information must not communicate the content outside of the circle of recipients who have also received the information, except with prior approval. To allow such confidentiality, every recipient must know who the co-recipients are.

3.6.3 Learn at Fundraising Level

Based on the communication to donors, to executives, volunteers and employees, as well as to beneficiaries and other stakeholders, learning at Fundraising level may point into different directions. E.g. learning related to beneficiary communication may include that beneficiaries agree to adjust the project, e.g. to match the current level of available funds, or to include additional elements in projects to match donor's interests (e.g. establish additional infrastructure for women empowerment training in a schools project). While the first learning (matching available funds) is an example of single-loop learning, i.e.

increasing efficiency without changing the basic principles, learning regarding the structure and elements of a project are an example of double-loop learning (i.e. changing the basic guidelines), especially if it also applies to subsequent projects and if the structures of these projects are changed significantly.

Learning related to fundraising activities and donor success may relate to operational, as well as to strategic learning, i.e. from changing the time of the day that ads are broadcasted on the radio, changing media including adding uprising print as well as electronic media, to changing fundraising messages or approaching new donor groups with maybe new fundraising activities (i.e. organizations for corporate volunteering initiatives, wealthy individuals for matching funds, etc.)³⁹⁰. Strategic double-loop learning may suggest engaging in new projects or even changing the NGO's strategy. Such far-reaching changes must not only be based on the fundraising related communications to employees, volunteers, and executive, but must also include information and learning from other sustainability levels, i.e. fundraising results did not increase beside significant learning at Project Result, Organization as well as Fundraising level (e.g. projects have been further aligned with the needs of beneficiaries, additional elements have been included, organizational capacities for project execution and monitoring, as well as for fundraising have been increased, fundraising messages have been adjusted, and new donors have been approached). While operational decisions resulting from single-loop learning may be taken individually and fast by the fundraising department (e.g. finding 10 new organizations that annually donate a minimum of CHF 10,000, move 10% of the minor donors to major donors, etc.), strategic and double-loop learning related decisions must include a strategy development process that includes all departments of the NGO, especially project managers as well as concerned beneficiaries, major stakeholders, and potential future major stakeholders. Following Easterly's principles (see paragraph 1.1), it seems advisable to first test potential new approaches (principle two and three) with a test setting (i.e. innovative combination of beneficiaries, services, project approach and donors) to then get more money for approaches and settings that proved to be successful (principle five).

While the NGO can easily control feedback from beneficiaries, employees, volunteers, and executives by defining expected feedback forms and by inviting them for discussions and meetings, (beneficiaries, employees, volunteers, as well as executives even have a certain obligation to fill in these forms and follow invitations), engagement of donors and other stakeholders in bi-directional communication is on a free will basis. Therefore, all contacts with donors must be seen as learning opportunity and donors as well as other stakeholders

³⁹⁰ For further details on fundraising activities, channels, skills, and tools see appendix XII to XIV.

should be closely listened to whenever there is a contact in order to grasp feedback and turn it into learning. Especially during donor meetings, either individual meetings with major donors or public information events, NGO staff must use these opportunities to inform donors about the details of the NGO's approaches, as well as to receive feedback from the donors, and if necessary draw learning regarding approaches, needs, and interests of donors, as well as regarding how to attract these donors in the future. The prime objective of such learning from and with donors is aligning interests and requirements of donors with project execution, and more strategically to allocate donors to the project of their interest.

The approaches used for learning at Fundraising levels differ from recipient to recipient. For donors and other stakeholders, development aid NGOs must offer interaction opportunities such as phone calls, social media, and in-person meetings. For beneficiaries, main learning approaches include status reports (asking for suggestions on improvements) and meetings. And for employees, volunteers, and executives, learning applies through suggestions and meetings, leading to changed instructions regarding fundraising activities and donor groups, to education and training for increasing efficiency and effectiveness of fundraising activities, as well as to strengthening skills for approaching donors.

3.7 Summary Sustainability Measurement Framework

Table 6 summarizes a generic version of the Sustainability Measurement Framework. For each combination of sustainability level and sustainability task, the generic version includes the following information:

1. **Objective** of the task at this level, i.e. what **content** the task aims to provide at this level.
2. **Approaches** and **measurements** used to achieve the task for this level.
3. And **examples** of measures and actions to take as task for this level.

The objectives/content, approaches/measurements and examples must be adjusted to the specifics of any given development aid NGO, table 6 only offers a generic version of the Sustainability Measurement Framework. For example, the details of the Sustainability Measurement Framework for an international technology-oriented NGO that partners with a local NGO for implementation may mainly focus on technological aspects of projects and funding, while other aspects, especially interaction with beneficiaries, are expected to be provided successful in terms of time, cost, and quality by the local partner NGO.

		Sustainability Tasks		
		Measure	Communicate	Learn
Sustainability Level	Project Initialization	<ol style="list-style-type: none"> 1. Ensure necessary preparation work and decision criteria 2. Operational and financial planning and checklists 3. Max cost of USD 10.00 per beneficiary, self-sustaining after 3 years, sufficient experience of all partners 	<ol style="list-style-type: none"> 1. Feedback regarding decisions to project team, partners and beneficiaries 2. Project decision report, monthly internal and external newsletter 3. List of next steps, future expectations, list with pros and cons 	<ol style="list-style-type: none"> 1. Adjust project preparation, requirements and education for project proposals 2. Suggestion scheme, planning meetings 3. Electricity from renewable sources as additional decision criteria, template for project proposals
	Project Result	<ol style="list-style-type: none"> 1. Project management and assessment 2. Project reporting, review, evaluation, impact assessment, and interviews 3. Activities, costs, deviations of time, cost, and quality, outcome/output/impact 	<ol style="list-style-type: none"> 1. Feedback to project team and beneficiaries 2. Project status report with respective distribution list and monthly internal and external newsletter 3. Status of implementation, significant challenges, open points, next steps, changes in assumptions 	<ol style="list-style-type: none"> 1. Adjust project execution, extend project approaches and new types of projects 2. Review meetings, suggestion scheme, education and training 3. Best practices for project execution, project structures, and project management
	Organization	<ol style="list-style-type: none"> 1. Project portfolio, annual report, management accounting 2. Financial and management accounting, capacity analysis, and interviews 3. Profit level (compared to budget), fluctuation, 20% ratio of new projects, processing time for project proposals and reports 	<ol style="list-style-type: none"> 1. Information to employees, volunteers, board member, and other stakeholders 2. Annual report, management accounting reports 3. Reasons for over-/under-performance, priorities for the next period 	<ol style="list-style-type: none"> 1. New project types and capacity adjustments 2. Suggestion scheme, planning meetings, strategy meetings 3. Bottlenecks, service levels, make or buy
	Fundraising	<ol style="list-style-type: none"> 1. Fundraising activities and donor behavior 2. Management accounting, CRM application, annual meeting with major donors 3. Media coverage, number of donors, changes in donor structure, ratio of restricted donations, effort for project specific financing, success of marketing activities 	<ol style="list-style-type: none"> 1. Information to employees, volunteers, beneficiaries, donors, and specific donors 2. Management accounting reports, external newsletter, specific donor reporting 3. Fundraising efficiency, reasons for shifts in donor structure and project support 	<ol style="list-style-type: none"> 1. Adjust mix of donors, marketing specifications, new projects, new strategy 2. Suggestion scheme, instructions, education, and training 3. Adjust marketing messages, scope and content of donor reporting, mapping donors with projects

Table 6: Sustainability Measurement Framework with Objective/Content, Approaches/Measurements and Examples for each Matrix Field (own Illustration)

The Sustainability Measurement Framework, with the details being decided upon by each applying development aid NGO based on its objectives, particularities, and specifics regarding projects and sustainability understanding, allows development aid NGOs to reuse existing performance management approaches, processes, and measurements, integrate them into a broader framework, and extend them with sustainability considerations. The basic design of the Sustainability Measurement Framework, the sustainability levels and the sustainability tasks, ensures that sustainability-related managerial activities take place where they offer most leverage for decisions and corrective actions to achieve increased sustainability, as well as to design communication structures and meet information responsibility requirements that allow for broad and transparent distribution of information. And finally, everybody who receives information is expected to provide feedback and therewith to participate in single-loop as well as double-loop learning cycles. Respective feedback and learning mechanisms, i.e. meetings, education, trainings, adjustments, and especially concessive decisions, allow closing the learning cycle, i.e. to see increased measurement results in the subsequent measurement cycles. If a development aid NGO follows the principles of the framework, it can effectively and efficiently address the six principles set out by Easterly (see paragraph 1.1). At the same time, adopting the framework allows to address and accommodate the particularities and specifics of development aid NGOs (see paragraphs 2.2.4 and 2.2.5), their projects (see paragraph 2.3), as well as their performance measurement requirements (see paragraph 2.4).

After chapter two addressed the first research question (“What does management theory for development aid NGOs suggest as relevant sustainability dimension for development aid NGOs?”) and chapter three addressed the second research question (“How may the sustainability dimensions and the management considerations of development aid NGOs be combined into a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?”), the following chapter uses a survey to mirror the findings hereto with the view of practitioners. Therewith, the following chapter four addresses research questions three and four (see paragraph 1.2):

3. “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”
4. “Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”

4 Survey Results

Based on the theoretical considerations of chapter two and three, and the respective answers to the first and second research question³⁹¹, this chapter now turns to the views of practitioners to reflect these theoretical considerations. The survey conducted with development aid NGOs and the respective statistical analyses answer the research questions three (“Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”) and four (“Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”). The first section of this chapter discusses the applicable research methodology, i.e. the questionnaire used for the survey, the selection of development aid NGOs that were invited to participate in the survey, and the applicable statistical approaches. The section two provides statistical results regarding organizational and managerial aspects, project management, and performance measurement for development aid NGOs, i.e. it answers the third research question³⁹². Section three then turns to the statistical results regarding the Sustainability Measurement Framework, i.e. it answers the fourth research question³⁹³. Finally, section four summarizes the survey results.

4.1 Research Methodology

The following paragraphs discuss the research methodology that helps to answer the research questions three and four, i.e. to mirror the theoretical findings from a practitioner’s point of view. Given the relatively small number of development aid NGOs in any country, the survey spans over several countries. Therefore, the preferable research approach is a questionnaire, which was decided to be paper-based³⁹⁴. By sending a stamped answering envelope together with the paper questionnaire, I believe to have minimized the logistical disadvantages of a paper based questionnaire.

³⁹¹ The first research question is: “What does management theory for development aid NGOs suggest as relevant sustainability dimension for development aid NGOs?” The second research question is: “How may the sustainability dimensions and the management considerations of development aid NGOs be combined into a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?”, see paragraph 1.2.

³⁹² The third research question is: “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”, see paragraph 1.2.

³⁹³ The fourth research question is: “Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”, see paragraph 1.2.

³⁹⁴ The following two reasons let to the decision of a paper-based instead of an online for questionnaire: first, the questionnaire needs to be in two languages (English and German). Second the paper version gives a better impression of the scope of the questionnaire and it can be assumed that people answering the questionnaire are thus serious about reserving the required time and making the effort.

The following paragraphs introduce the design of the questionnaire for the survey, the selection of participating development aid NGOs, and the applicable statistical approaches for the analyses of the answers. The statistical approaches are complemented with a discussion of the scope of analysis, i.e. which part of the questions is analyzed by which statistical approach to arrive at the expected answers. A discussion on the applicable statistical tools complements this section.

4.1.1 Survey Questionnaire

The survey questionnaire is designed to answer the research questions three and four³⁹⁵. The overall structure follows the four sustainability levels of the Sustainability Measurement Framework, with sub-sections for the sustainability tasks. A section with organizational questions (size, budget, etc.) is added. In the sections on Project Initialization and Project Result, two sub-sections are added. For Project Initialization, the two additional sub-sections are on project characteristics and project aspects. For Project Result, the two additional sub-sections are on project controls and project success factors. In summary, these considerations lead to the following structure of the questionnaire:

- A. Organizational Questions
 - A.1. Budget
 - A.2. Number of employees and volunteers
 - A.3. Countries in which projects are located
 - A.4. Development aid activities
 - A.5. Countries in which the organization is active with fundraising
 - A.6. Sources of funds
- B. Project Proposal (relates to the sustainability level Project Initialization of the Sustainability Measurement Framework)
 - B.1. Project characteristics
 - B.2. Project aspects
 - B.3. Assess proposals (relates to the sustainability task Measure)
 - B.4. Information distribution (relates to the sustainability task Communicate)
 - B.5. Feedback and learning (relates to the sustainability task Learn)
- C. Project Result (relates to the sustainability level Project Result of the Sustainability Measurement Framework)
 - C.1. Project controls

³⁹⁵ The third research question is: “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?” The fourth research question is: “Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”, see paragraph 1.2.

- C.2. Project key success factors
- C.3. Assess projects (relates to the sustainability task Measure)
- C.4. Information distribution (relates to the sustainability task Communicate)
- C.5. Feedback and learning (relates to the sustainability task Learn)
- D. Organization (relates to the sustainability level Organization of the Sustainability Measurement Framework)
 - D.1. Assess organization (relates to the sustainability task Measure)
 - D.2. Information distribution (relates to the sustainability task Communicate)
 - D.3. Feedback and learning (relates to the sustainability task Learn)
- E. Fundraising (relates to the sustainability level Fundraising of the Sustainability Measurement Framework)
 - E.1. Assess fundraising (relates to the sustainability task Measure)
 - E.2. Information distribution (relates to the sustainability task Communicate)
 - E.3. Feedback and learning (relates to the sustainability task Learn)

The sub-sections are called question groups (A.1, A.2, etc.). Table 7 below maps these question groups back into the structure of the Sustainability Measurement Framework³⁹⁶ (see paragraph 3.1: three sustainability tasks and four sustainability levels span a matrix³⁹⁷). This structure shall serve as reference for different analyses that will apply in the subsequent paragraphs.

	Measure	Communicate	Learn
Initialize	B.3	B.4	B.5
Results	C.3	C.4	C.5
Organization	D.1	D.2	D.3
Fundraising	E.1	E.2	E.3

Table 7: Linking Sustainability Measurement Framework Elements and Question Groups of Questionnaire (own Illustration)

Each question group holds 7 to 30 questions which must be ranked between ‘never applies’ to ‘always applies’. Each question group contains at least two empty lines where

³⁹⁶ The following question groups are not linked to the Sustainability Measurement Framework: B.1 (characteristics of development aid projects), B.2 (aspects of development aid projects), C.1 (frequency of reporting) and C.2 (project success factors).

³⁹⁷ The Sustainability Measurement Framework suggests that for each sustainability level (Project Initialization, Project Result, Organization, and Fundraising), the following three sustainability tasks apply: Measure, Communicate, and Learn. Defining and framing the respective understanding of sustainability is a prerequisite to using the framework. The framework then allows for systematic and integrated definition of measurements, discussions of results and drawing learning.

participants may add questions and application levels. Question group C.1 (project control in the project result section) does not ask for a ranking, instead it allows multiple answers, e.g. project status reports apply quarterly and at each milestone. Besides asking for ranking of current application, each question asks for ranking at desired state (except question group C.1), i.e. the question to what extent an NGO supports permanent establishment (question one of question group B.1, project characteristics at Project Initialization level), is currently 'mostly', but the organizations believe that in the future, its development aid project should only 'seldom' support permanent establishments. Therefore the desired state, also called 'should section', describes deviations between actual practices of the NGO and what the NGO believes to be an ideal state.

The questions for each question group are derived from the discussions of the respective theoretical considerations (e.g. the questions for question group C.4, Project Result information distribution, which relates to the sustainability level Project Result and the sustainability task Communicate, are significantly influenced by Kuster et al. and other authors who significantly contributed to the respective discussions in paragraph 2.3). The questions regarding sustainability largely originate from different sustainability indicators (see appendix I). As the indicators hold very specific sustainability measures (tailored to the specific situation that they are applied to), these measures have been critically assessed regarding applicability for managerial and organizational aspects of development aid NGOs (see paragraph 2.2) and particularities in development countries (see appendix VI). The resulting sustainability aspects have been further rephrased to match the generic nature of the questionnaire. The most explicit sustainability-related questions are found in question group B.1 (characteristics of projects) regarding expected economic aspects of projects (see questions 5 to 11, see appendix XXI) and regarding balancing environmental, social, and economic aspects (questions 12 to 26, see appendix XXI). The organization's own view on its impact assessment (as key performance measurement approach, see paragraph 2.4.3) and sustainability measurement is asked in question 26 and 27 of question group D.1 (see appendix XXI).

Given the fact that the participating organizations are located in different countries (see paragraph 4.1.2), the questionnaire was prepared in English and German. Appendix XXI provides a copy of the survey questionnaire (English version), including the introduction letter.

A pre-test was conducted with 10 people. All 10 people agreed to be observed during filling in the questionnaire and they agreed to discuss the results afterwards, which allowed

reliability testing. Out of the 10 people, 5 had a not-for-profit background (however, none had a development aid background). The pre-test generally confirmed the validity³⁹⁸ and reliability³⁹⁹ of the questionnaire. In addition it led to rephrasing different questions, and it raised concerns in terms of the criterion ‘validity’ and ‘concurrent validity’ as several questions are subjective assessments and are difficult, if not impossible, to be checked against an external, direct and independent measure. To address these concerns and to compensate for potentially different understandings of concepts such as project vs. program, short-term vs. long-term, etc. by different organizations, the questions of each question group are ordered by expected application (according to the literature). In question group E.2 for instance, information that is offered to donors (which relates to sustainability level Fundraising and sustainability task Communicate), the first statement is ‘Approaching of donors differs by donor group (i.e. it is group specific)’ is expected to be answered by a majority of organizations with ‘mostly’ or ‘always’. The last statement, ‘Frequent meetings with top-donors apply’, is expected to be answered by a majority of organizations with ‘seldom’ or ‘never’. With this ordering approach for the questions within each question group, the average value of all questions within this question group represents a good measure, regardless if certain questions show little criterion validation or are potentially subject to misunderstandings. At the same time, the distribution of the answers of one organization within one question group indicates to what overall extent respective approaches (e.g. donor information) applies and therewith what priority it enjoys for this organization (especially if compared with the ‘should section’), i.e. if a majority of questions are answered with ‘mostly’ or ‘always’, donor communication seems relatively matured, if all questions are answered with ‘seldom’ or ‘never’, donor communication enjoys little priority, and if the first questions are answered with ‘mostly’ or ‘always’, the questions in the middle are answered with ‘sometimes’ and the questions at the end are answered with ‘seldom’ or ‘never’ (which is the expected answer distribution) the organizations answer selectively regarding donor communication.

³⁹⁸ Validity is the degree to which an assessment measures what it is supposed to measure. It consists of: **known groups validity** (degree to which the answers reflect the known differences in the answering groups), **longitudinal validity** (extent to which changes on one measure will correlate with changes on another measure), **concurrent validity** (extent to which answers are consistent with external criteria that are measured at approximately the same time), **construct validity** (extent to which the questions relate to the hypothesis that is being measured, i.e. if the answers to the questions allow to answer the hypothesis), **content validity** (all the domains to be covered by the questionnaire must be questioned sufficiently and in balance, as well as the extent to which the questions represent all aspects of the concept in question), **criterion validity** (responses to the questionnaire can be checked against an external criterion, which is a direct and independent measure), **discriminant validity** (extent to which a measure correlates with measures of attributes that are different from the attribute that the measure is intended to assess), and **face validity** (the questionnaire must look professionally to elicit serious responses, Surshil S./ N V. 2010, pp. 173f).

³⁹⁹ Reliability describes the extent to which a measure is stable or consistent and produces similar results when administered repeatedly, i.e. differences in the answers only describe effective variations of the observation if the questionnaire is reliable (if the questionnaire is non-reliable, the variations may have other reasons beyond what the questionnaire can answer, Surshil S./ N V. 2010, p. 174).

After introducing the questionnaire and its structure, the following paragraph discuss the selected development aid NGOs that were invited to participate in the survey and the answer rate.

4.1.2 Surveyed Development Aid NGOs and Answer Rate

The surveyed development aid NGOs include NGOs from Germany, Switzerland, the United Kingdom, and the USA (in cases where organizations or respective subsidiaries are active in more than one country, the questionnaire was sent to the international head office and the questionnaire was not sent to the country-level subsidiaries). The addresses for each country were collected using the following publicly available sources:

- **Germany:** list of organizations that have obtained the donation seal⁴⁰⁰ provided by the DZI⁴⁰¹. The list was filtered by organizations that work internationally in development aid, without funds or trusts as well as children-, health-, and research-oriented organizations, resulting in 31 organizations that the German version of the questionnaire was sent to on September 15, 2010.
- **Switzerland:** list of organizations that have obtained the seal for approval⁴⁰² provided by the ZEW Foundation⁴⁰³. The list was filtered by organizations that work internationally in development aid, without funds or trusts as well as children-, health-, and research-oriented organizations, resulting in 45 organizations that the German version of the questionnaire was sent to on September 15, 2010.
- **United Kingdom:** list provided by the Charity Commission⁴⁰⁴, filtered by organizations that work internationally in development aid, without funds or trusts as well as children-, health-, and research-oriented organizations, resulting in 57 organizations that the English version of the questionnaire was sent to on September 15, 2010.

⁴⁰⁰ The list is publicly available through <http://www.dzi.de/bulletin.htm> [accessed September 2, 2010].

⁴⁰¹ The DZI ('Deutsches Zentralinstitut für soziale Fragen') collects and analyses data of charity organizations in Germany. The donation seal aims to provide orientation and decision support for donors, increase transparency, and allow comparison of organizations (<http://www.dzi.de/hinweise.htm>, [accessed September 2, 2010]).

⁴⁰² The list is publicly available through <http://www.zewo.ch/werke/db/gruppenliste.php> [accessed September 2, 2010].

⁴⁰³ ZEW is a Swiss foundation that specializes in certification of charitable, donation collecting organizations. The seal for approval is granted to organizations for having proved to manage the entrusted funds faithfully and it attests objective-oriented, economic and impact-full exertion of resources (http://www.zewo.ch/label/l_index.html [accessed September 2, 2010]).

⁴⁰⁴ The Charity Commission registers and regulates charities, and it offers them advice, services, and guidance for effective management (http://www.charitycommission.gov.uk/About_us/About_the_Commission/default.aspx [accessed September 2, 2010]). The list is publicly available through <http://www.charity-commission.gov.uk/Showcharity/RegisterOfCharities/AdvancedSearch.aspx> [accessed September 2, 2010].

- **USA:** list provided by GuideStar⁴⁰⁵, filtered by international agricultural development organizations, without funds or trusts as well as children-, health-, and research-oriented organizations, resulting in 52 organizations that the English version of the questionnaire was sent to on September 15, 2010.

In total, the questionnaire was sent to 185 development aid NGOs (see appendix XXII, table 35). Out of the 185 questionnaires, 36 (19.5%) were sent back and even in due time (and one was sent back too late to be included in the analysis). Of the NGOs that did not return the questionnaire, one NGOs was in liquidation, 54 replied that they are too small and/or they do not have the resources to participate in the survey, one NGO replied that the questionnaire is not applicable to its work, and 47 NGOs replied that their work was too complex to be mirrored in a single questionnaire. All in all, 48 NGOs did not reply to the invitation letter at all. Out of the 36 NGOs that returned the questionnaire in time, 22 (61%) also completed the ‘should section’ of all questions.

As development aid NGOs significantly vary regarding size and activities, section A of the questionnaire is used to group the organizations by size, scope of countries that the NGO is active in with projects (based on the answers to question group A.3), and scope of countries that the NGO is active in with fundraising (based on the answers to question group A.5). These groups are used for clustering approaches to analyze if clustering offers more homogeneous answers regarding sustainability, project approaches, project control, and project success factors than the Sustainability Measurement Framework.

After having introduced the development aid NGOs that were invited to participate in the survey, the following paragraph introduces the statistical approaches that are applied to the answers in order to answer the third and fourth research questions.

4.1.3 Statistic Approaches used to address the Research Questions

The following paragraphs introduce the statistical approaches used to analyze the survey data. Given the number of statistical approaches and the number of hypothesis that have to be tested to answer the third and fourth research question, not all approaches apply to all questions. Paragraph 4.1.4 below describes which of the statistical approaches is applied to what data. The following paragraphs first introduce all applicable statistical approaches.

⁴⁰⁵ The list is publicly available through <http://www2.guidestar.org/AdvancedSearch.aspx> [accessed September 2, 2010]. GuideStar is an information platform that encourages nonprofit organizations to share their information openly and transparently distributes this information to various clients (<http://www2.guidestar.org/rxg/about-us/index.aspx> [accessed September 2, 2010]).

4.1.3.1 Percentages of Answers and Percentages of Answers 'always' or 'mostly'

The percentages describe what percentage of organizations has chosen which answer (i.e. rating between 'never' and 'always') for each question⁴⁰⁶. These percentages per answer lead to a frequency distribution, the graphical representation of which is a histogram⁴⁰⁷. The percentage of organizations that chose the answers 4 and 5 ('mostly' and 'always') for a specific question represent the organizations for which the respective question applies predominantly.

4.1.3.2 Average Value (Mean)

The average value is a measure of location, probably the most important one, and it provides a measure of central location for the data⁴⁰⁸, i.e. the average answer for each question. Unlike other kinds of calculations of central location (i.e. median or mode) the average value is based on all observations, i.e. including the very extremes. Therefore, it is an important reference point for other statistical calculations that are based on all observations (especially for standard deviation and variance, see below)⁴⁰⁹.

4.1.3.3 Interquartile Range (IQR)

The interquartile range is the bandwidth of the middle 50% of the distribution of observations, i.e. mathematically, it is the difference between the lower and upper quartiles⁴¹⁰. The IQR is a measure of variability and it oftentimes offers a more focused analysis, as extreme observations at the end of the scale have no effect on the IQR⁴¹¹. IQR is the chosen measure to determine variability in a considerably skewed distribution⁴¹².

4.1.3.4 Variance

The variance is a measure of variability. It is based on the difference between the value of each observation and the average value, and it is calculated as the sum of squares between

⁴⁰⁶ Except for the questions of C.1, all questions allow an answer between 1 and 5. The answer 1 represents 'never' and the answer 5 represents 'always'. Answer 4 represents 'mostly'. No answer was translated into 0.

⁴⁰⁷ Anderson D. et al. 2008, pp. 36f

⁴⁰⁸ Anderson D. et al. 2008, p. 83

⁴⁰⁹ Leon-Guerrero A./Frankfort-Nachmias C. 2011, p. 147

⁴¹⁰ Quartile is a special representation of percentile. Percentile is a location for frequency distributions of observations and it describes the percentage of observations that fall below the respective percentage, i.e. "... the 75th percentile is a score that divides the distribution so that 75% of the cases [i.e. observations] are below it" (Anderson D. et al. 2008, p. 87). The quartile is the 25% percentile. Quartile may also be referred to as first, second, third and fourth quartile, which represents the 25%, 50%, 75% and 100% percentile, and effectively clusters the number of observations into quarters (Anderson D. et al. 2008, p. 87).

⁴¹¹ Leon-Guerrero A./Frankfort-Nachmias C. 2011, pp. 141ff

⁴¹² Leon-Guerrero A./Frankfort-Nachmias C. 2011, p. 154

each observation and the average value divided by the number of observations⁴¹³. As the unit of measure for variance is squared, it is difficult to obtain an intuitive understanding and interpretation of the numeric value of the variance. However, the variance can be used to compare variables, with the one with the largest variance value showing the most variability⁴¹⁴. Variance takes all observations of a sample into account and it is the chosen measure to determine the weighted variability in a distribution⁴¹⁵.

4.1.3.5 Standard Deviation

The standard deviation is the positive square root of the variance⁴¹⁶. It describes how closely the observations cluster around the average (the closer the observations cluster around the average, the lower the standard deviation)⁴¹⁷. While the units associated with the variance are square, the standard deviation is measured in the same units as the original data. Therefore, the standard deviation is easily compared to the original data as it uses the same unit of measure⁴¹⁸. Standard deviation takes all observations of a sample into account and it uses the original unit of measure, which makes it the chosen measure to determine variability in a distribution⁴¹⁹.

4.1.3.6 Skewness

Skewness is an important numerical measure of the shape of the distribution of original data (i.e. of the relative frequency distribution). Negative skewness values indicate left skewed distribution (i.e. the left tail of the distribution is longer than the right tail and the highest point is therefore on the right of the average value), i.e. the most observations are found on the right/above of the average value, but many observations exist with very left/very low values. Positive skewness values indicate right skewed distributions (i.e. the right tail of the distribution is longer than the left tail and the highest point is left of the average value)⁴²⁰.

4.1.3.7 Improvement

According to the design of the survey questionnaire, the participating organizations are asked to answer in terms of the current situation (the actual section), as well as of the

⁴¹³ Squaring higher differences sustain relatively more weight than small differences, i.e. observations that are further from the average enlarge the variance relatively more than observations that are nearer to the average.

⁴¹⁴ Anderson D. et al. 2008, pp. 93f

⁴¹⁵ Leon-Guerrero A./Frankfort-Nachmias C. 2011, pp. 153f

⁴¹⁶ Anderson D. et al. 2008, p. 95

⁴¹⁷ Leon-Guerrero A./Frankfort-Nachmias C. 2011, p. 147

⁴¹⁸ Anderson D. et al. 2008, p. 95

⁴¹⁹ Leon-Guerrero A./Frankfort-Nachmias C. 2011, pp. 153f

⁴²⁰ Anderson D. et al. 2008, pp. 98f

desired future situation (the should section). This design allows comparing the answered options (e.g. if the answer for the actual situation is 4, ‘mostly’) with the answer for the desired future situation (e.g. if the answer for the should situation is 5, ‘always’) and then expressing this difference as numeric value (e.g. 5 minus 4 indicates a desired improvement in the future of +1). This difference indicates the desired improvement, and since this improvement is expressed as numeric value, the above described statistic approaches can be validly applied to these improvements⁴²¹.

4.1.3.8 K-means Cluster Analysis

K-means Cluster Analysis is a multivariate clustering approach that constructs a given number of groups (clusters) so that the total internal heterogeneity for all elements within each cluster is minimized. To measure total heterogeneity, the sums of square distances, or alternatively the distance to the group’s average values (which requires less computational resources), are used. For K-means Cluster Analysis the number of clusters to be calculated has to be predefined. Results are not necessarily unique, i.e. different groupings may exist that follow the minimal distance criteria. Therefore, the final grouping depends on the starting groups and the sequence of comparing elements⁴²². K-means Clustering therefore constructs compact groups with low heterogeneity within the group but high heterogeneity among the groups, and it uses aggregation approaches that influence the results.

4.1.3.9 Two-dimensional Dendrogram Analysis

Dendrograms are graphical representations of hierarchical clustering approaches (more specifically: hierarchical-agglomerative clustering approaches). Hierarchical cluster is an approach that constructs a hierarchical system through successive grouping of objects, and further clustering these groups into higher-level groups. The applicable grouping algorithm compares all n elements and assigns the two most similar (according to the applicable distance calculation approach, for this analysis the sum of square distances is used as distance calculation) elements into one group⁴²³. In the subsequent iteration, this group and the remaining elements are then analyzed for grouping (i.e. the original calculation of distances between elements is revised), and so on, until $n-1$ groups (with n being the total number of elements or observations) exist⁴²⁴. Dendrograms offer a tree-view-like graphical representation of the hierarchical clustering result. Starting with the original but re-ordered

⁴²¹ This thesis will apply percentages, mean, IQR, variance, standard deviation, and skewness to these improvements.

⁴²² Wiedenbeck M./Züll C. 2001, pp. 13f

⁴²³ Wiedenbeck M./Züll C. 2001, pp. 8ff

⁴²⁴ Wiedenbeck M./Züll C. 2001, pp. 2f

representations, each group (and successive super-group) of the hierarchical system is represented as a knot of the dendrogram. The inclusive relations between a group and the super-group are represented by the edges of the dendrogram, with the super-group being displayed to the right (or sometimes to the top). Dendrograms also map the distance relations of entities and groups: the more to the right (or to the top) the knot is from the entities/sub-group, the more unequal are the entities/subgroups⁴²⁵. A two-dimensional dendrogram analysis simultaneously combines two hierarchical-agglomerative clustering (e.g. clustering of NGO size and clustering of project approaches) and draws a levelplot indicating the correlation of these two clustering. Hierarchical-agglomerative clustering minimizes the overall heterogeneity of all objects⁴²⁶.

4.1.3.10 Biplot Analysis

Biplots are representations of multivariate data in which information on both the samples (observations) and the variables of a data matrix is analyzed simultaneously regarding two (or three) dimensions. The samples are represented as points, while the variables are represented as labeled, calibrated axes. These axes are oblique (alternatively, they may also be non-linear). This calibration of vectors is what sets the biplots apart from other multivariate data representations⁴²⁷.

4.1.3.11 Simple and Multivariate Linear Regressions

Regression analysis is a statistical procedure used to develop an equation showing how variables of a data set are related using a dependent variable, i.e. the one that is being predicted by the equation, and the independent variable, i.e. the variable being used to predict the dependent variable⁴²⁸. Linear regressions are the simplest form of regression. They use one independent and one dependent variable, and they approximate a straight-line relationship between them⁴²⁹. Multivariate linear regression models consider more than one independent variable⁴³⁰.

After having introduced the applicable statistical approaches, the following paragraphs discuss the sets of questions that are analyzed with each of the statistical approaches. Given the number of hypothesis that have to be tested to answer the third and fourth research

⁴²⁵ Wiedenbeck M./Züll C. 2001, pp. 3ff

⁴²⁶ Wiedenbeck M./Züll C. 2001, p. 5

⁴²⁷ La Grange A. et al. 2009, p. 2

⁴²⁸ Anderson D. et al. 2008, p. 545

⁴²⁹ Anderson D. et al. 2008, p. 545

⁴³⁰ Anderson D. et al. 2008, p. 626

question, most statistical analyses only take a subset of the questions of the questionnaire into consideration, i.e. not all statistical approaches apply to all questions of the questionnaire. The following paragraphs describe which sets of questions apply.

4.1.4 Scope of Analyses

After the previous paragraphs introduced the applicable statistical approaches, the following paragraphs now turn to the scope of analyses, i.e. the sets of questions that are assessed with each of the statistical approaches. Given the number of hypothesis that have to be tested to answer the third and fourth research question, most statistical analyses only take a subset of the questions of the questionnaire into consideration, i.e. not all statistical approaches apply to all questions of the questionnaire.

While many analyses use the question groups, i.e. the averages of the answers to all questions of a question group, as data set to apply the statistical approaches to, some of the analyses use different sets of data, i.e. different combinations of questions, i.e. categories. These categories are: project approaches, sustainability, project control, and project success factors. Each of these categories consists of multiple indicators and some of these indicators are a sum (i.e. the average value) of the answers of different questions. The following paragraphs define these categories and the respective indicators.

The category **project approaches** consist of the following six indicators which are calculated as the average of the answers to the following questions from question group B.1:

- 1) Local orientation: average of question numbers 3, 4, 5, 6, 7, 8, and 9.
- 2) Short term orientation: average of question numbers 11, 12, 15, and 16.
- 3) Long-term orientation: average of question numbers 13 and 14.
- 4) Learning: average of question numbers 17, 18, and 19.
- 5) Adjust projects to donors: question number 21
- 6) Dependency on external factors: question number 23

The category **sustainability** consists of the following four indicators that are calculated as the average of the respective answers to the following question numbers from the respective question group:

- 1) Economic sustainability: average of questions 5 to 11 from question group B.2.
- 2) Integrated sustainability: average of questions 12 to 26 from question group B.2.
- 3) Impact assessment: question 26 from question group D.1.
- 4) Sustainability measurement: question 27 from question group D.1.

The category **project control** consists of the following 10 indicators that relate to the respective question numbers of question group C.1:

- 1) Status reports (description of project status)
- 2) Financial information, comparison of plan, actual, and deviations
- 3) Ratios (number of beneficiaries, etc.)
- 4) Performance measurement system (e.g. Balanced Scorecard)
- 5) Project progress (time wise) as well as duration and time to completion
- 6) Degree of achievement
- 7) List of open points and actual challenges
- 8) Estimation of required capacity for project completion
- 9) Questioning project manager regarding project activities
- 10) Beneficiaries survey regarding benefits

The category **project success factors** consists of the following 17 indicators that relate to the respective question numbers of question group C.2:

- 1) Detailed understanding of situation and sufficient problem analysis
- 2) Define project objectives and purpose collaboratively with beneficiaries
- 3) Detailed project planning
- 4) Adequate project management
- 5) Project design (mix of activities, services, beneficiaries, etc.)
- 6) Deployed technologies
- 7) Project team and collaboration within the team
- 8) Engage adequate international subject matter experts
- 9) Engage adequate local subject matter experts
- 10) Engage adequate local team leaders or foremen
- 11) Engage adequate local daily laborers
- 12) Sufficient financial resources
- 13) Time management
- 14) Project performance measurement
- 15) Quality management
- 16) Learning from earlier phases being implemented in subsequent phases
- 17) Good governmental conditions in developing countries

After introducing the categories project approaches, sustainability, project control, and project success factors, the following list provides the different levels at which the data is aggregated:

- **Questions:** analyzing the answer to each question individually.

- **Question groups:** analyzing the average of all answers to one question group.
- **Basic organizational groups (9 groups):** analyzing the average answers of different organizations as a group. The organizations are grouped by budget size (small, medium, big), by scope of countries that the organization is active in with projects (narrow, medium, broad), and by scope of countries that the organizations is active in with fundraising activities (narrow, medium, broad).
- **Extended organizational groups (15 groups):** as the analysis using the basic organizational groups does not reveal homogeneous results, the organizational groups are extended by elements that do reveal significant differences and homogeneous grouping, at least according to certain characteristics. The respective analysis reveals 6 additional organizational groups (see paragraph 4.2.1.4).
- **Sustainability Measurement Framework elements (12 elements):** analyzing the averages of the answers for each of the question groups that describe the 12 elements of the Sustainability Measurement Framework.
- **Sustainability Measurement Framework elements by basic organizational groups:** analyzing how the 9 basic organizational groups answer the question groups that relate to the 12 elements of the Sustainability Measurement Framework.
- **Project approach indicators and extended organizational groups:** analyzing how the 15 extended organizational groups answer the questions that relate to project approach indicators.
- **Sustainability indicators and extended organizational groups:** analyzing how the 15 extended organizational groups answer the questions that relate to project approach indicators.
- **Project control indicators and extended organizational groups:** analyzing how the 15 extended organizational groups answer the questions that relate to project control indicators.
- **Project success factors and extended organizational groups:** analyzing how the 15 extended organizational groups answer the questions that relate to project success factors.
- **Sustainability Measurement Framework elements and extended organizational groups:** analyzing how the 15 extended organizational groups answer the question groups that relate to the 12 elements of the Sustainability Measurement Framework.

After introducing the scope of analysis, the following paragraph describes which statistical approaches (see paragraph 4.1.3) are used for what scope of analysis. The results of the analyses are discussed in paragraph 4.2 (practitioner's views on organizational and managerial aspects of development aid NGOs, and their project management and

performance measurement) and paragraph 4.3 (practitioner’s views on the Sustainability Measurement Framework).

4.1.5 Summary Research Methodology

After having introduced the statistical approaches that are used and the scope of analyses in the previous paragraphs, the following paragraphs combine the statistical approaches with the scope of analyses. Given the number of hypotheses that will be tested to answer the third research question (see paragraph 4.2) and the fourth research question (see paragraph 4.3), most statistical analyses only apply to a limited number of answers. Table 8 summarizes these combinations of statistical approaches and scopes of analyses.

Statistical Approaches	Scope of Analyses										
	Questions	Question group	Basic organizational groups (9 groups)	Extended organizational groups (15 groups)	SMF elements (12 elements)	SMF elements by basic organizational groups	Project approach indicators and extended organizational groups	Sustainability indicators and extended organizational groups	Project control indicators and extended organizational groups	Project success factors and extended organizational groups	SMF elements and extended organizational groups
Percentages of answers	x	x									
Percentages of answer levels 4 or 5					x						
Average value (mean)	x	x	x	x	x	x					
Interquartile range	x	x									
Standard deviation	x	x									
Variance	x	x									
Skewness	x	x									
Improvement	x	x	x		x						
K-means cluster analysis							x	x	x	x	x
Dendrogram analysis							x	x	x	x	x
Biplot analysis							x	x	x	x	x
Linear regressions	x				x						

Table 8: Statistical Measurement Approaches and Scope of Analysis (own Illustration)

Table 8 indicates that comparisons (i.e. percentages of answers and improvement), basic statistical measurements (i.e. average values, interquartile range, standard deviation,

variance, and skewness), and linear regressions are applied to all questions. The more sophisticated statistical approaches (i.e. K-means cluster analysis, dendrogram analysis, and biplot analysis) apply for subsets of the data only. And given the construction of these more sophisticated statistical approaches, they require 2-dimensional data sets, e.g. biplots compare project approaches for different organizational groups (i.e. the analysis assesses whether or not the NGOs that belong to a group have answered the questions that relate to project approaches homogeneously or not).

After having presented the details of statistical approaches and data to be analyzed, the following paragraphs introduce the statistical tools that support the required statistical analyses.

4.1.6 Statistic Tools used to address the Research Questions

After the previous paragraphs introduced the survey questionnaire, the development aid NGOs that are invited to participate in the survey, the statistical approaches used to answer the third and fourth research questions, as well as the data sets to be analyzed, the following paragraphs look at the applicable tools to perform the required statistical analyses.

To draw results from the answers to the questionnaire, the following tools have been used for computation and analyses:

- Excel and Excel Pivot Tables,
- SQL Server, and
- R software application.

The following paragraphs describe these tools and their applications in further details. Excel is a spreadsheet software application from Microsoft. Its built-in functionalities allow for basic grouping as well as for analysis of basic statistical measurements and respective calculations. The functionality 'Pivot Table' allows to flexibly display, and to (un)select data based on its characteristics, i.e. it allows basic data comparison and analysis. Through its built in functionalities, Excel also offers calculations of statistical measures (such as mean, median, variance, etc.). Excel and Excel Pivot Tables are used for basic selections, grouping, basic statistical measurements, as well as for comparison analyses. These analyses strive to find similarities among organizations and their answers to different questions in order to derive best practices approaches for organizations falling into the respective organizational groups as well as benchmarking-oriented suggestions. Excel is also used for the entry of raw data which is then imported into SQL server and R software application.

SQL Server is a relational database software application from Microsoft. It allows querying data and subsets of data flexibly using the programming language ‘Structure Query Language’ (SQL). While it allows processing huge quantities of data, it has only basic statistics features. SQL Server is used for selections, grouping, and subset comparison analyses. Besides extending the organizational classification and groups, the results also include the comparison of improvements that the organizations answered in the ‘should section’ of the questionnaire.

R is a statistics software application developed by John Chambers and his colleagues at Bell Laboratories, which is publicly available as freeware⁴³¹. While R provides a “wide variety of statistical (linear and nonlinear modeling, classical statistical tests, time-series analysis, classification, clustering, etc.) graphical techniques, and is highly extensible”⁴³², it largely lacks a graphical interface for data processing. Instead, it uses a proprietary script language for computation, processing, calculation, and displaying of data and results. A wide variety of script samples and data processing explanations are freely available. The R software application is used for K-means cluster analysis, for two dimensional dendrogram analyses, for biplot analysis, as well as for simple and multivariate linear regressions.

Tools	Statistical Approaches											
	Percentages of answers	Percentages of answers 4 or 5	Average value (mean)	Interquartile range	Standard deviation	Variance	Skewness	Improvement	K-means cluster analysis	Dendrogram analysis	Biplot analysis	Linear regressions
Excel	x	x	x	x	x	x	x					
SQL Server								x				
R software									x	x	x	x

Table 9: Statistical Measurement Approaches and Tools (own Illustration)

Table 9 summarizes what software tools are used to compute the applicable statistical approaches. The table only shows the prime computation. Excel Pivot Tables as well as SQL Server are also used for summarizing and grouping data to extract different graphics.

⁴³¹ See <http://www.r-project.org/index.html> and <http://www.r-project.org/about.html> [accessed Feb 28, 2011]

⁴³² <http://www.r-project.org/about.html> [accessed February 28, 2011]

After having discussed the research methodology, the following two sections turn to the results of the statistical analysis and answer the third research question (“Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”, see paragraph 4.2) and the fourth research question (“Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”, see paragraph 4.3).

4.2 Survey Results regarding managerial Aspects of Development Aid NGOs (third Research Question)

After the previous paragraphs have introduced the research methodology, the following paragraphs now turn to the analysis of the survey data. This section starts with addressing the third research questions (“Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”). First, the survey data is analyzed by applying the following analysis approaches: assessment of basic statistical measurements, analysis of organizational groups, comparison of actual situation, and potential improvements, and finally discussion of extended organizational groups. After this discussion of survey results, the subsequent paragraphs summarize the conclusions for selected managerial aspects of development aid NGOs.

4.2.1 Analysis

In order to answer the third research question⁴³³, the following paragraphs use the following four approaches to analyze the survey data:

- basic statistical measurements,
- organizational groups,
- comparison of actual situation and desired improvements (for theoretical background, see paragraph 4.1.1), and
- extended organizational group.

While the first approach, applying statistical measures, often applies to empirical data, the second approach first characterizes and groups the organizations by different criteria into nine organizational groups, and then analyzes the difference of answers of these groups regarding the 12 Sustainability Measurement Framework elements. The third approach uses a design characteristic of the questionnaire, the fact that the development aid NGOs are not

⁴³³ The third research question is: “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?” (see paragraph 1.2).

only asked to answer in terms of the current situation, but also of the desired ‘should’ situation (see paragraph 4.1.1). This approach not only allows testing and comparing different answers, it also allows extending any tests and comparisons towards expected improvements of different development aid NGOs. Finally, after the limitation of the organizational grouping approach used is understood, the grouping is extended by criteria that result in distinctly different groups. These additional organizational groups are again tested regarding the 12 Sustainability Measurement Framework elements. Based on the results of these analyses, the subsequent paragraphs summarize the findings for different managerial aspects of development aid NGOs and answer the third research question.

4.2.1.1 Basic statistical Measurements

The following paragraphs analyze all individual survey answers using basic statistical measurements. The first paragraph introduces these measures and discusses considerations for their application. The subsequent paragraph turns to the analysis and interpretation of the results and further aggregation of the results.

4.2.1.1.1 Analysis

The following statistical measures are applied to all answers of question groups B.1 to E.3 of the questionnaire (see paragraph 4.1.3 for a detailed description of each measure):

- percentages of NGOs that have chosen the respective answer,
- average value (mean),
- interquartile Range (IQR),
- standard deviation,
- variance, and
- skewness.

Given the nature of the question groups A.1 to A.6 of the questionnaire, the respective answers are not applicable for these statistical calculations. For these question groups, the applicable statistical measures are: percentage of NGOs that have chosen the respective answer, value of averages (mean), or ranking of weighted sums. Another exception is question group C.1 which allows more than one answer, i.e. the total percentage of answers may exceed 100%. It also offers six answering options instead of five only.

Appendix XXIII shows the results of the statistical calculation. Appendix XXIII also discusses the percentages of NGOs that have chosen the respective answering option as well as the average value, and it leads to the following findings:

- Development aid NGOs try to imbed learning into certain of their activities, but learning as a dedicated managerial activity seems to receive relatively little focus.
- Re-planning and forecasting seems to be slightly more important than reporting, but reporting is more homogeneously used (i.e. different development aid NGOs approach re-planning very differently). Only a minority of development aid NGOs has performance measurement systems in place, a majority builds the reporting on financial information, status reports, and ratios.
- Comparing project success factor and project level information, which is expected to mirror one another (i.e. communication must include the most important factors), shows similar levels for defining project objectives, but there is a significant imbalance regarding financial resources (they are reported very often but they rank low as project success factor). However, financial resources may be understood as prerequisite to conduct a project instead of a factor that brings a project to exceptional levels of success.
- While general questions regarding all dimensions of sustainability (environmental, social, and economic) rank high, specific questions for the environmental and social dimensions rank low, i.e. there is little best practices at the operational level of how to implement sustainability (unless the questionnaire asked the wrong questions).

For the remaining basic analysis, the following paragraphs further aggregate the results discussed in appendix XXIII to conclude findings. The following paragraphs draw conclusions from these basic statistical measurements regarding managerial aspects of development aid NGOs. In order to do so, they further consolidate the results into result groups to better distinguish the result levels.

4.2.1.1.2 Aggregated Analysis

While the previous paragraph primarily looked at percentages of answers and average values of answers, the following paragraphs now turn to IQR, standard deviation, variance and skewness in order to draw further conclusions for managerial aspects of development aid NGOs. Given the broad number of figures resulting from the statistical measures (see appendix XXIII), the result values for each question are aggregated into groups at question group levels, with each group showing how many of the result values of each question group are at what level⁴³⁴. The groups for the result values are:

⁴³⁴ Assuming that a question group (e.g. B.1) has four questions, and the standard deviation of the answers to these four questions are 0.6, 1.0, 1.1, and 1.7. The aggregation then leads to 3 groups: group 1 (ranging from 0.5 to 1.0) holds 25% of the results values, group 2 (ranging from 1.0 to 1.5) holds 50% of the result values, and group 3 (ranging from 1.5 to 2.0) holds 25% of the result values.

- values between 0.0 and 0.5
- values between 0.51 and 1.0
- values between 1.01 and 1.5
- values between 1.51 and 2.0
- values greater than 2.0

Table 10 and table 11 show the result of this aggregation (table 10 for IQR, variance and standard deviation, and table 11 for skewness). The five groups have to be interpreted differently for each statistic measure, e.g. an IQR of 1.2 means that 50% of the observations are within one range from the average value (i.e. they are within two of the possible answers, e.g. if the average is 3.3, 50% are either 3 = ‘often’ or 4 = ‘mostly’), which indicates a rather small variability of the observations. In contrast, a skewness of -1.2 means that the distributions show a rather long and significant tail to the left, and that the highest point of the distribution is 1.2 answers to the right of the average value (e.g. if the average value is 2.8, most of the development aid NGOs answered with a 4, but a few also answered with a 1 or 0 which then leads to the long tail to the left) which indicates a rather significant variability of the observations.

After having grouped the statistical measures of the answers to every question into the above-mentioned five groups, the numbers of statistical values per group were aggregated per question group (B.1, B.2, etc.). This results in percentages for each of the above-mentioned five groups per question group, indicating how many of the detailed answers fall into the respective group (e.g. left-top value in the table 10: for question group B.1, 8.7% of the answers to the questions within the B.1 question group show a IQR between 0 and 0.5). Besides providing the percentages for each group, table 10 also shows the second quartile for each question group (light green boxes) as well as significant groups (i.e. groups holding more than 50% of the answers, dark-green boxes with white text).

Table 10 shows that according to IQR, only development aid approaches (B.1), Measure at Project Initialization level (B.3), Learn at Project Result level (C.5), and Communicate at Organization level (D.2) have homogeneous answers (at least 50% of the answers have an IQR lower than 1.0). In contrast, Communicate at Project Initialization (B.4), Communicate at Project Result level (C.4), and Measure at Fundraising level (E.1) have heterogeneous answers (50% of the answers have an IQR of more than 2.0, and the ‘> 2.0’-group is the most significant group by holding more than 50% of the answers). Other heterogeneous question groups are project success factors (C.2) and Learn at Fundraising level (E.3).

	IQR					Standard Deviation					Variance				
	0.0 - 0.5	0.51 - 1.0	1.01 - 1.5	1.51 - 2.0	>2.01	0.0 - 0.5	0.51 - 1.0	1.01 - 1.5	1.51 - 2.0	>2.01	0.0 - 0.5	0.51 - 1.0	1.01 - 1.5	1.51 - 2.0	>2.01
B.1	8.7	52.2	8.7	30.4	0.0	0.0	43.5	56.5	0.0	0.0	4.3	39.1	34.8	13.0	8.7
B.2	0.0	30.8	3.8	26.9	38.5	0.0	0.0	53.8	46.2	0.0	0.0	0.0	15.4	23.1	61.5
B.3	18.2	45.5	18.2	18.2	0.0	0.0	18.2	72.7	9.1	0.0	0.0	18.2	27.3	45.5	9.1
B.4	0.0	11.1	11.1	0.0	77.8	0.0	0.0	0.0	100	0.0	0.0	0.0	0.0	0.0	100
B.5	0.0	42.9	28.6	28.6	0.0	0.0	0.0	100	0.0	0.0	0.0	0.0	14.3	85.7	0.0
C.1	0.0	10.0	10.0	30.0	50.0	0.0	0.0	30.0	60.0	10.0	0.0	0.0	20.0	0.0	80.0
C.2	0.0	23.5	11.8	64.7	0.0	0.0	0.0	76.5	23.5	0.0	0.0	0.0	5.9	47.1	47.1
C.3	0.0	21.4	14.3	35.7	28.6	0.0	0.0	92.9	7.1	0.0	0.0	0.0	35.7	42.9	21.4
C.4	0.0	25.0	0.0	18.8	56.3	0.0	0.0	56.3	43.8	0.0	0.0	0.0	18.8	6.3	75.0
C.5	6.3	43.8	12.5	37.5	0.0	0.0	25.0	75.0	0.0	0.0	6.3	18.8	43.8	18.8	12.5
D.1	0.0	22.2	7.4	22.2	48.1	0.0	3.7	33.3	63.0	0.0	0.0	3.7	0.0	11.1	85.2
D.2	14.3	42.9	14.3	0.0	28.6	14.3	14.3	57.1	14.3	0.0	14.3	14.3	42.9	0.0	28.6
D.3	0.0	40.0	30.0	30.0	0.0	0.0	0.0	100	0.0	0.0	0.0	0.0	80.0	20.0	0.0
E.1	0.0	0.0	0.0	26.7	73.3	0.0	0.0	13.3	86.7	0.0	0.0	0.0	0.0	0.0	100
E.2	0.0	12.5	12.5	50.0	25.0	0.0	0.0	62.5	37.5	0.0	0.0	0.0	25.0	25.0	50.0
E.3	0.0	12.5	12.5	62.5	12.5	0.0	0.0	87.5	12.5	0.0	0.0	0.0	0.0	62.5	37.5
Sum	12.5	43.8	31.3	12.5	0.0	6.3	50.0	43.8	0.0	0.0	12.5	43.8	37.5	6.3	0.0

all values in %

Table 10: Basic Statistical Measurements by Question Groups I (own Illustration)

Regarding standard deviation, the differences between the question groups are much smaller. All question groups have a significant group, which is mostly the group ‘1.01 – 1.5’ (‘1.51 – 2.0’-group for communication of project proposals (B.4), project control (C.1), measurement of organizational results (D.1), and measurement of fundraising results (E.1)). Only one question group, communication of organizational results (D.2), has answers that show a standard deviation of below 0.5 (for all other question groups, the smallest standard deviation is above 0.51), i.e. communication of organizational results is the only question group where development aid NGOs answered some of the questions very homogeneously. The results regarding variance are comparable to the ones regarding IQR and standard deviation, however, the variability seems even broader. Comparing the range of minimum and maximum variances with the respective range of standard deviation, a broader range is expected for large variance values (because the standard deviation is the square root of the

variation). However, smaller variance values lead to ranges for variance and standard deviation that are similar (mathematically, the square root of 1 is 1), and therefore the relatively broader range of variance values indicates that only few small variations exist (i.e. most variances show a high value). This finding is also supported by dark green cells in the section Variance of table 10: eight out of 16 question groups have a variance group that is significant (i.e. holds more than 50% of the variances). And for six of these eight groups, this significant group is even the one '> 2.0' (i.e. more than 50% of the answers have a variation of greater than 2.0). In contrast, only five out of 16 question groups have a variance of below 1.0, with three of them having variations of below 0.5⁴³⁵.

In summary, the following five question groups show significant variability regarding all three statistical measures (IQR, standard deviation and variation): Communicate at Project Initialization level (B.4), Project Reporting Frequency (C.1), Communicate at Project Result level (C.4), Measure at Organization level (D.1), and Measure at Fundraising level (E.1). None of the question groups shows a low variability regarding all three statistical means, therefore none of the question groups is homogeneously answered by a majority of NGOs.

Besides analyzing the answers for each question group, the row 'Executive Summary' in table 10 analyzes the average of answers for each question group. For the respective line, the average answers show significant lower variability than the sum of the variations of the detailed answers. For all three measures, the second quartile is below the 1.0 group (i.e. it reaches '0.51 – 1.0' at most). Furthermore, the row 'Executive Summary' does not show a significant group (holding more than 50% of the answers) for any measure. This finding suggests that development aid NGOs do not have high ranking or low ranking. Instead, a single development aid NGO tends to have high rankings for some questions and at the same time it has low rankings for other questions of the questionnaire (which was expected according to the order of the questions within the question groups, see paragraph 4.1.1).

In addition to the analysis above regarding variability, table 11 analyzes the skewness of the answer's frequency distribution. The table allows the following two analyses:

- percentages of negatively and positively skewed answers, and
- groups of absolute⁴³⁶ skewness and percentages of answers for each group⁴³⁷.

⁴³⁵ These three question groups are: Development Aid Approaches (B.1), Learn at Project Initialization (B.5), and Communicate at Organization level (D.2).

⁴³⁶ Using the absolute skewness value loses the information if the distribution is positively or negatively skewed. However, it still allows an interpretation regarding the variability (regardless if the distribution is left or right skewed).

	Skewness						
	negative	positive	0.0 - 0.5	0.51 - 1.0	1.01 - 1.5	1.51 - 2.0	>2.01
B.1	82.6	17.4	43.5	21.7	13.0	13.0	8.7
B.2	96.2	3.8	30.8	34.6	19.2	15.4	0.0
B.3	100.0	0.0	0.0	0.0	27.3	45.5	27.3
B.4	100.0	0.0	33.3	44.4	11.1	11.1	0.0
B.5	28.6	71.4	85.7	14.3	0.0	0.0	0.0
C.1	40.0	60.0	90.0	10.0	0.0	0.0	0.0
C.2	94.1	5.9	11.8	23.5	41.2	23.5	0.0
C.3	100.0	0.0	28.6	28.6	21.4	14.3	7.1
C.4	81.3	18.8	50.0	6.3	18.8	18.8	6.3
C.5	62.5	37.5	62.5	18.8	18.8	0.0	0.0
D.1	66.7	33.3	59.3	14.8	11.1	11.1	3.7
D.2	85.7	14.3	28.6	0.0	28.6	28.6	14.3
D.3	20.0	80.0	90.0	0.0	10.0	0.0	0.0
E.1	100.0	0.0	60.0	26.7	13.3	0.0	0.0
E.2	87.5	12.5	37.5	50.0	12.5	0.0	0.0
E.3	75.0	25.0	50.0	50.0	0.0	0.0	0.0
Sum	93.8	6.3	12.5	25.0	43.8	12.5	6.3

all values in %

Table 11: Basic Statistical Measurements by Question Groups II (own Illustration)

According to the analysis regarding negatively and positively skewed distributions, see left side of table 11, most question groups are significantly negatively skewed, i.e. the left tail of the distribution is relatively longer and therefore the highest point of the distribution is to the right of the average value (for four out of 16 question groups, 100% of the answers are negatively skewed, and for 10 question groups at least 80% of the answers are negatively skewed). This means that more NGOs answered the question above the average value, but at the same time, a few NGOs also answered the question with ‘never’ or ‘seldom’. The only two highly positively skewed question groups are: learning from project proposal (B.5) and learning from organizational results (D.3). The third highly positively skewed question group, project control (C.1), requires a different interpretation: the low answers indicate that many NGOs tend to have monthly or quarterly reporting. Other question groups with somewhat positively skewed percentages (above 30%) are Learn at Project Result level

⁴³⁷ The applicable groups are as described above: 0 – 0.5, 0.51 – 1.0, 1.01 – 1.5, 1.51 – 2.0, and > 2.0. Similar to table 10, the percentages are colored light green to indicate the second quartile and dark-green with white font color to indicate significant groups, i.e. groups holding more than 50% of the answers.

(C.5, 37.5%), and Measure at Organizational Results (D.1, 33.3%). Overall, learning seems to be positively skewed (some NGOs do a lot, most do little).

The analysis of the skewness groups (using absolute skewness values), see right side of table 11, reveals diverse results. For six question groups, more than 50% of the answers have a skewness of below 0.5 (or -0.5), and for all of them, this group is significant (i.e. dark green). Five of these question groups are somewhat positively skewed (more than 30% of the observations are positively skewed) and they represent all of the significantly positively skewed question groups as defined above (the sixth question group measurement of fundraising (E.1)). These results suggest that some NGOs do a lot, most do little, but only a few do nothing at all. For the highly negatively skewed question groups, the skewness distribution is more variable. For example, the question group ‘measurement of project proposal’ (B.3) has 100% of the answers negatively skewed, but no question has an absolute skewness of below 1.0 and 27.3% of the answers have an absolute skewness of >2.0 (i.e. <-0.2). These results suggest that development aid NGOs tend to use the respective measurement approaches greatly or not at all – and different development aid NGOs use different measurement approaches. Similarly, however, with lower variability, these findings also apply for sustainability (B.2), project success factors (C.2), and communication of organizational results (D.2).

Unlike for the statistical measures of IQR, standard deviation and variance where the ‘Executive Summary’ showed a lower variability than the variability at question group levels, the skewness analysis suggests a relatively greater variability for the ‘Executive Summary’ than for the individual question groups. While 93.8% of the average answers are negatively skewed (which is similar to the average of the individual question groups), 43.8% of the average answers show a skewness of between 1.01 and 1.5, and consequently, the second quartile of average answers is below 1.5 (e.g. 50% of the average answers have a skewness of below 1.5). Given the original answer range of 0 to 5, an overall average skewness of 1.5 indicates significant variability among all NGOs.

4.2.1.1.3 Analysis by Sustainability Measurement Framework Elements

After having discussed each of the statistical measurements in the previous paragraphs, the following paragraph compares the average values of the question groups that relate to the Sustainability Measurement Framework elements (see paragraph 4.1.1) with the number of development aid NGOs that answered at least one of the respective questions with either ‘always’ or ‘mostly’. Table 12 and table 13 show the respective results.

Table 12 presents the average answer values for each Sustainability Measurement Framework element for all NGOs (it is similar to the average values of the Executive Summary of the analysis in paragraph 4.2.1.1.1, see Appendix XXIII). It suggests that on average, NGOs engage in all elements of the Sustainability Measurement Framework, i.e. the framework fulfills one of its design criteria by tapping into existing undertakings and leveraging them to increase the overall sustainability (see paragraph 1.3). Table 12 further suggests that measurements of project initialization, communication at organizational level results, and measurements of project results are the tasks most often conducted. On average, project initialization seems to be the most significant level (i.e. the level with the most activities), and communication the most significant task. Fundraising and learning seem to be the least significant levels and tasks.

	Measure	Communicate	Learn	Average
Project Initialization	3.88	3.37	2.60	3.28
Project Result	3.58	3.41	2.71	3.23
Organization	3.00	3.76	2.98	3.24
Fundraising	3.22	3.27	2.95	3.15
Average	3.42	3.45	2.81	n = 36

Table 12: Actual Average Values of Sustainability Measurement Framework Elements (own Illustration)

These findings are also supported by table 13 which lists the percentages of NGOs that answered four or higher (i.e. ‘mostly’ or ‘always’) to at least one question of the respective questions group. A high percentage indicates that most of the development aid NGOs are always (or mostly) at least to some degree active in the respective area, e.g. all NGOs have some form of communication at organizational level (element communication at organizational level has a value of 100%), and one development aid NGO (2.8%) only seldom engages in measurement of project initialization (upper left box: 97.2% of the NGOs ‘mostly’ or ‘always’ active in this area).

Comparing the percentages of table 13 for organizational level communication and project initialization level measurement (100% and 97.2% respectively) with the average values according to table 12 (3.75 and 3.88 respectively), more NGOs seem to do something regarding organizational level communication than for project initialization measurement, but on average, they do less for organizational level communication than for project initialization measurement. If we look at initialization level, which has the highest average value in table 12, but the second lowest percentage in table 13, it can be said that relatively

few NGOs do much regarding initialization. Regarding learning, table 13 supports the previous findings that learning is relatively weak (showing the lowest percentages). Looking at the details of learning, the highest percentage in table 13 (Learn at Project Result level, 83.3%) shows the second-lowest average value in table 12 (2.71). Vice-versa, the highest average value in table 12 (Learn at Organizational level, 2.98) shows the lowest percentage in table 13 (69.4%, together with Learn at Project Initialization level). Therefore, while relatively many NGOs do something regarding learning from project results, the respective scope is relatively small (i.e. many do little). For learning at organizational level, it is the exact opposite: relatively much is done, but only relatively few NGOs do a lot. Both learning aspects seem to offer room for improvement, i.e. many do more regarding learning from project results and more do much regarding learning at organizational level.

	Measure	Communicate	Learn	Average
Project Initialization	97.2%	88.9%	69.4%	85.2%
Project Result	94.4%	94.4%	83.3%	90.7%
Organization	94.4%	100.0%	69.4%	87.9%
Fundraising	83.3%	91.7%	72.2%	82.4%
Average	92.3%	93.8%	73.6%	n = 36

Table 13: Percentage of Development Aid NGOs answering at least one Question of the respective Sustainability Measurement Frameworks Element with four or higher (own Illustration)

After having discussed all questions using basic statistical measurements and structuring them by the Sustainability Measurement Framework elements, the following paragraphs turn to question group C.1, project control, which has a slightly different design than all other question groups.

4.2.1.1.4 Analysis of Project Control

Question group C.1 of the questionnaire has a slightly different design than all other question groups and therefore, the following paragraphs discuss the results of this question group separately. C.1 asks the participating NGOs to rank the project control approaches that the NGOs typically uses⁴³⁸. The 10 questions of question group C.1 can be grouped into questions regarding reporting (four questions), questions regarding forecasting and re-planning (four questions), and questions regarding learning (two questions).

⁴³⁸ The answer options are: no answer, never, monthly/shorter, quarterly, bi-annually, annually, per milestone, and at the end of the project. Multiple answers may apply.

Regarding reporting, the two predominant approaches (i.e. the highest scoring answers) are annually collected ratios (done by 44% of the NGOs) and quarterly collected status reports (done by 36% of the NGOs). Looking at what the majority of NGOs (i.e. more than 50% of the NGOs) do regarding each of the reporting approaches (i.e. for each reporting-related question) reveals the following results:

- **Status reports:** 61% of the NGOs conduct status reports quarterly or bi-annually.
- **Financial information:** 62% of the NGOs prepare financial information monthly or quarterly.
- **Ratios:** 57% of the NGOs report ratios bi-annually or annually.
- **Performance measurement systems:** while 44% of the NGOs never conduct respective reports (and 15% did not provide answers), 12% conduct respective reports monthly and 12% conduct them bi-annually.

In summary, financial information seems to be the predominant form of reporting and project control, followed by status reports and ratios. The majority of financial information is conducted monthly or quarterly, status reports are conducted quarterly or bi-annually, and ratios are conducted bi-annually or annually. Only a minority of development aid NGOs uses performance measurement systems. Therefore, it is fair to conclude that current performance measurement undertakings of the surveyed development aid NGOs only uses relatively simple, potentially operational performance tools. The survey does not provide any further details of why financial information is more important than ratios and why performance measurement systems do not enjoy major application. The survey also does not include further details regarding the quality of the status reports (the information provided in status reports may be similar to the information provided in a performance measurement system). Nevertheless, the survey suggests a certain hesitation of development aid NGOs towards complex performance measurement systems, even the literature review on performance measurement requirements suggests a significant requirement for comprehensive measurements (see paragraph 2.4.5). Consequently, there seems to be a gap between the theoretical requirements and current abilities of practitioners.

The answers to forecast and re-planning related questions reveals that forecasting and re-planning seems to be slightly more important than reporting (out of potentially 400%, 164% of re-planning takes place monthly or quarterly in comparison to 158% of reporting, and 244% of re-planning takes place monthly, quarterly or bi-annually compared to 222% of reporting). However, the variability of re-planning is significantly higher than for reporting (i.e. different NGOs approach re-planning differently than they approach reporting). The predominant approaches for forecast and re-planning (i.e. the highest scoring answers) are

monthly lists of open points and actual challenges (done by 29% of the NGOs) and bi-annual project progress and duration/time to completion reports (done by 27% of the NGOs). Looking at what the majority of NGOs (i.e. more than 50% of the NGOs) do regarding each of the forecast and re-planning approaches (i.e. for each forecasting- and re-planning-related question) reveals the following results:

- **Project progress and duration/time to completion:** 51% of the NGOs conduct progress reports quarterly or bi-annually.
- **Degree of achievement:** 63% of the NGOs analyze degree of achievements quarterly, bi-annually, or annually.
- **List of open points and actual challenges:** 50% of the NGOs collect lists of open points and actual challenges monthly or quarterly.
- **Estimation of required capacity for project completion:** 60% of the NGOs conduct estimations of required capacity for project completion monthly, quarterly, or bi-annually.

The findings regarding forecasting and re-planning mirror the findings on reporting: simple tools (project progress and list of open points) are predominant and preferred by development aid NGOs (again, the survey does not provide any further background or reasoning for this finding).

The predominant approaches for learning (i.e. the highest scoring answers) are monthly surveys with project managers regarding project activities (done by 36% of the NGOs) and annual surveys of beneficiaries regarding benefits (done by 32% of the NGOs). Looking at what the majority of NGOs (i.e. more than 50% of the NGOs) do regarding each of the learning approaches (i.e. for each learning-related question) reveals the following results:

- **Survey of project managers regarding project activities:** 55% of the NGOs monthly or quarterly conduct surveys with project managers regarding project activities.
- **Survey of beneficiaries regarding benefits:** 50% of the NGOs bi-annually or annually conduct surveys of beneficiaries regarding benefits.

After having statistically analyzed the answers regarding the actual situation (how the NGOs see themselves today), the next step is looking at potential improvements indicated by the 'should' answers (see paragraph 4.1.1). Before turning to the comparison of potential improvements, the following paragraphs introduce the organizational groups, which serve as general clustering approach for further analysis, also of improvement details.

4.2.1.2 Organizational Groups

In order to find similarities and patterns among the answers, basic organizational groups are considered for further analyses. This grouping shall allow to find similarities between development aid NGOs as well as to draw specific findings, from which suggestions regarding the NGO's sustainability measurement shall be derived. The main reference to discuss organizational groups is the question groups, i.e. the 12 elements of the Sustainability Measurement Framework that the structure of the questionnaire follows.

4.2.1.2.1 Analysis

Based on the answers to the organizational data (question groups A.1 to A.6), the following three organizational classifications have been decided upon and analyzed:

- NGO size: grouping NGOs by annual budget.
- Scope of project countries: grouping NGOs by the number of countries that the NGO is active in with projects including their relative importance.
- Scope of fundraising countries: grouping NGOs by the number of countries that the NGO is active in for fundraising including their relative importance.

Using small/narrow, medium and big/broad as distinct characteristics for each of the three classifications, the analyses compare 9 organizational groups. The next paragraph describes how these characteristics were applied and calculated for each classification.

NGO size (NGOs are grouped by annual budget): following the suggestion of ZEWO Foundation⁴³⁹ that administrative expenses should be below 10% of total expenses, and estimating the costs for one FTE at CHF 100,000, only NGOs with a budget of more than CHF 1 m are applicable to employ at least one person at 80% FTE (assuming that in such an NGO, 40% of FTE is used for project-related activities and 40% for fundraising and administration, and that additional administrative expenses such as fundraising, fees, etc. must not exceed CHF 20,000). NGOs with an annual budget of below CHF 1 m⁴⁴⁰ are considered to be small NGOs. Similarly, NGOs with an annual budget of more than CHF 10 m⁴⁴¹ are considered to be big NGOs. NGOs having an annual budget of between CHF 1 m and CHF 10 m are considered to be medium-sized NGOs. This grouping leads to 15 (42%)

⁴³⁹ ZEWO is a Swiss foundation that specializes in certification of charitable, donation collecting organizations. The seal for approval is granted to organizations if they prove to manage the entrusted funds faithfully and it attests objective-oriented, economic and impact-full exertion of resources (http://www.zewo.ch/label/1_index.html [accessed September 2, 2010]).

⁴⁴⁰ An annual budget of below CHF 1 m. results in employment of below 80% FTE, which means that the NGO depends on volunteers, and/or employees may have additional occupations to earn their income.

⁴⁴¹ An annual budget of more than CHF 10 m allows having around 800% FTE which requiring a certain level of formal structure and leadership

small NGOs, 12 (33%) medium-sized NGOs, and 9 (25%) big NGOs (for the NGOs that also answered the ‘should section’ the respective numbers are 9 (41%) small, 8 (36%) medium and 5 (23%) big NGOs).

Scope of project countries (NGOs are grouped by the number of countries that the NGO is active in with projects including their relative importance): ‘narrow NGOs’ are NGOs that are active in a small number of ‘high importance countries’⁴⁴². ‘Medium NGOs’ mention some countries to be of high importance⁴⁴³. All remaining NGOs are considered to be ‘broad NGOs’. This grouping leads to 16 (44%) narrow NGOs, 11 (31%) medium NGOs and 9 (25%) broad NGOs (for the NGOs that also answered the ‘should section’ the respective numbers are 10 (45%) narrow, 7 (32%) medium and 5 (23%) broad NGOs).

The scope of fundraising countries (NGOs are grouped by the number of countries that the NGO is active in for fundraising including their relative importance) is as follows: narrow NGOs are NGOs that mention only few countries to be of high importance⁴⁴⁴. Medium NGOs mention some countries to be of high importance⁴⁴⁵. All remaining NGOs are considered to be broad NGOs. This grouping leads to 17 (47%) narrow, 15 (42%) medium, and 4 (11%) broad NGOs (for the NGOs that also answered the ‘should section’ the respective numbers are 9 (41%) narrow, 11 (50%) medium and 2 (9%) broad NGOs).

The following paragraphs further analyze and compare these 9 organizational groups that the paragraphs above suggest.

4.2.1.2.2 Comparison of Organizational Groups

After having defined the 9 organizational groups in paragraph 4.2.1.2.1, figure 10 compares the different organizational classification approaches with one another and shows the number of NGOs in each group including respective percentages of total NGOs (for all 36

⁴⁴² Examples regarding number of countries and their relative importance for narrow NGOs include the following combinations: up to four countries exclusively; or up to two countries exclusively, two countries of major importance and two countries of minor importance; or up to three countries of major importance, two countries of importance and three countries of minor importance.

⁴⁴³ Examples regarding number of countries and their relative importance for medium NGOs include the following combinations: up to seven countries exclusively; or up to four countries exclusively and three countries of major importance; or up to two countries exclusively, five countries of major importance and two countries of importance.

⁴⁴⁴ Examples regarding number of countries and their relative importance for narrow NGOs include the following combinations: up to one country exclusively and one more country of minor importance; or up to one countries of major importance and one country being important.

⁴⁴⁵ Examples regarding number of countries and their relative importance for medium NGOs include the following combinations: up to two countries exclusively and one more country of minor importance; or up to one country exclusively, one country of major importance and one more country being important; or up to one country exclusively and three more countries of major importance.

answering NGOs and for the 22 NGOs that also answered the ‘should section’). The respective comparisons are:

- by NGO size and by scope of project countries
- by NGO size and scope of fundraising countries
- by scope of project countries and scope of fundraising countries

Figure 10 shows that the organizational size and scope of project countries are highly correlated: the upper left table in figure 10 shows that the majority of NGOs is in a diagonal line from top-left to bottom-right, which indicates that NGOs tend to be small in size and narrow in projects, or middle in size and middle in projects, or big in size and broad in projects. Only 16% of the NGOs are left of or below this diagonal line (i.e. they are relatively bigger in size than in scope of project countries, or relatively narrow in scope of project countries compared to the size, i.e. big NGOs are active in a few countries only) and 14% are right of or above the middle line (i.e. they are relatively smaller in size than in scope of project countries, i.e. small NGOs are active in many countries). No NGO is at either of the extreme ends (big NGOs with narrow scope of project countries or small NGOs with broad scope of project countries).

Comparing development aid NGOs regarding size and scope of fundraising countries, the same correlation still exists, but it is less evident: 37% of the NGOs are left of or below the middle line (i.e. they are relatively bigger in size than in scope of fundraising countries, or relatively narrow in scope of fundraising countries compared to the size, i.e. big NGOs with fundraising in a few countries only) and 17% are right of or above the middle line (i.e. they are relatively smaller in size than in scope of fundraising countries, or relatively broad in scope of fundraising countries compared to the size, i.e. small NGOs with fundraising in many countries). There is one NGO at each of the extreme positions (one big NGO has a narrow scope of fundraising countries and one small NGO has a broad scope of fundraising countries). The relatively bigger percentage of NGOs left of or below the middle line (37% compared to 17% right of or above the middle line), may be understood as high fundraising efficiency: bigger NGOs are able to attract enough funds from a relatively small number of countries, they do not have to increase the number of countries in order to attract enough funds to meet the respective financial budget. It may also be interpreted that big NGOs follow different fundraising approaches: while some tend to raise a lot of money in each of the few countries that they are active in with fundraising (i.e. they approach broad groups of donors with broad messages), others raise only relatively little money in each country (approaching selected donors with specific messages only), and therefore, they have to increase the number of countries in order to meet their financial budgets.

Classification Comparison of all answering NGOs					Classification Comparison of NGOs that answered the 'Should Section'				
Size	Scope of Project Cty			Total	Size	Scope of Project Cty			Total
	Narrow	Medium	Broad			Narrow	Medium	Broad	
Small	13 (36%)	2 (6%)	0 (0%)	15 (42%)	Small	8 (36%)	1 (5%)	0 (0%)	9 (41%)
Medium	3 (8%)	6 (17%)	3 (8%)	12 (33%)	Medium	2 (9%)	5 (23%)	1 (5%)	8 (36%)
Big	0 (0%)	3 (8%)	6 (17%)	9 (25%)	Big	0 (0%)	1 (5%)	4 (18%)	5 (23%)
Total	16 (44%)	11 (31%)	9 (25%)	36 (100%)	Total	10 (45%)	7 (32%)	5 (23%)	22 (100%)
Size	Scope of Fundraising Cty			Total	Size	Scope of Fundraising Cty			Total
	Narrow	Medium	Broad			Narrow	Medium	Broad	
Small	10 (28%)	4 (11%)	1 (3%)	15 (42%)	Small	5 (23%)	4 (18%)	0 (0%)	9 (41%)
Medium	6 (17%)	5 (14%)	1 (3%)	12 (33%)	Medium	3 (14%)	4 (18%)	1 (5%)	8 (36%)
Big	1 (3%)	6 (17%)	2 (6%)	9 (25%)	Big	1 (5%)	3 (14%)	1 (5%)	5 (23%)
Total	17 (47%)	15 (42%)	4 (11%)	36 (100%)	Total	9 (41%)	11 (50%)	2 (9%)	22 (100%)
Scope of Project Cty	Scope of Fundraising Cty			Total	Scope of Project Cty	Scope of Fundraising Cty			Total
	Narrow	Medium	Broad			Narrow	Medium	Broad	
Narrow	12 (33%)	4 (11%)	0 (0%)	16 (44%)	Narrow	6 (27%)	4 (18%)	0 (0%)	10 (45%)
Medium	3 (8%)	6 (17%)	2 (6%)	11 (31%)	Medium	2 (9%)	4 (18%)	1 (5%)	7 (32%)
Broad	2 (6%)	5 (14%)	2 (6%)	9 (25%)	Broad	1 (5%)	3 (14%)	1 (5%)	5 (23%)
Total	17 (47%)	15 (42%)	4 (11%)	36 (100%)	Total	9 (41%)	11 (50%)	2 (9%)	22 (100%)

Figure 10: Basic Classification of answering Development Aid NGOs (own Illustration)

Finally, the comparison of development aid NGOs regarding the scope of project countries and the scope of fundraising countries reveals a weak correlation: 28% of the NGOs are left of or below the middle line (i.e. having projects in many countries but conducting fundraising in a few countries only) and 17% are right of or above the middle line (i.e. having projects in a few countries only but go to many countries for fundraising). While two NGOs are at the lower very extreme (NGOs being broad regarding project countries but narrow regarding fundraising countries), no NGO is at the upper very extreme (narrow project countries and broad fundraising countries). This may be understood as tendency that NGOs choose to diversify in project countries rather than in fundraising countries (it is more likely that an NGO enters new countries with projects than it is for the NGO to start fundraising in a new country). The reasons for this tendency may be manifold: limited opportunity for specific projects in one country forces the NGO to expand the projects into

additional countries, multiplication of project success into other countries is relatively simple, correctly addressing fundraising messages in different countries is difficult, etc. The data from the survey does not allow further analysis regarding the reasons for differences in scope of projects or fundraising (neither within nor across countries).

After introducing the 9 basic organizational groups of development aid NGOs (by size, scope of project countries, and scope of fundraising countries), the following paragraphs analyze the answer of these 9 groups regarding the Sustainability Measurement Framework elements and compare them to the average answers to questions related to Sustainability Measurement Framework elements (see table 12, paragraph 4.2.1.1.3).

4.2.1.2.3 Organizational Groups and Sustainability Measurement Framework Elements

After having introduced the organizational groups, the following paragraphs analyze, how different the organizational groups have answered the question groups (see paragraph 4.2.1.1). This analysis uses the general analysis frame (see paragraph 4.1.1) and the average values of all answers for each of the relevant question groups.

While the analysis of statistical measures (see table 12, paragraph 4.2.1.1.3) provides average answer values for Sustainability Measurement Framework elements for all development aid NGOs, figure 11 provides respective average answer values by each of the 9 organizational groups⁴⁴⁶.

Comparing average answer values per organizational group (see figure 11) with the total average values for all NGOs (see table 12), small/narrow NGOs seem to focus relatively less on fundraising compared to medium and big/broad NGOs (fundraising being the least important level while it tends to be the most important level for almost all medium and big/broad groups). In contrast, for small/narrow NGOs, communication seems to be very significant (being the most important task), while for medium and big/broad NGOs communication is the second-most important task. Furthermore, for big/broad NGOs, the result level seems to be more significant than the initialization level and therefore they seem to compromise on impact improvement⁴⁴⁷. In contrast, small/narrow and medium NGOs tend to see the initialization level to be more significant than the Project Result level (except

⁴⁴⁶ As discussed in paragraph 4.2.1.2, the organizational groups are sorted by size, by scope of project countries, by scope of fundraising countries; each being grouped by small/narrow, medium and big/broad.

⁴⁴⁷ The underlying rationale being that at the Project Initialization level, the future development aid activities can be shaped pro-actively, while at the Project Result level, the activities have already started, and therefore they may only be adjusted to a potentially minor degree. Therefore, at Project Initialization level the overall impact can be influenced greatly, while at Project Result level an NGO can only try to reach the previously defined impact level but unlikely introduce all new levels of impact.

for NGOs with narrow scope of fundraising countries)⁴⁴⁸. While the task measurement seems to be important for all NGOs, the range is relatively broad (maximum being 4.02 by NGOs with broad project countries and minimum being 3.06 by NGOs with narrow project countries). Over all, learning seems to be the least significant task with 5 out of 9 organizational groups ranking it below 3.00.

	Small/narrow				Medium				Big/broad						
	M	C	L	Avg	M	C	L	Avg	M	C	L	Avg			
Size	P.I.	4.04	3.71	2.45	3.40	P.I.	3.71	3.10	2.78	3.20	P.I.	3.86	3.14	2.62	3.21
	P.R.	3.65	3.77	2.57	3.33	P.R.	3.47	2.98	2.74	3.07	P.R.	3.60	3.39	2.90	3.30
	O	2.57	3.93	3.01	3.17	O	3.12	3.49	2.87	3.16	O	3.55	3.81	3.08	3.48
	F	2.49	2.91	2.59	2.66	F	3.44	3.25	3.00	3.23	F	4.15	3.87	3.49	3.84
	Avg	3.19	3.58	2.65	n = 15	Avg	3.44	3.21	2.85	n = 12	Avg	3.79	3.55	3.02	n = 9
Scope of project cty	M	C	L	Avg	M	C	L	Avg	M	C	L	Avg			
	P.I.	3.78	3.46	2.34	3.19	P.I.	3.95	3.33	2.99	3.42	P.I.	4.00	3.23	2.59	3.27
	P.R.	3.47	3.36	2.36	3.06	P.R.	3.49	3.41	2.79	3.23	P.R.	3.88	3.49	3.25	3.54
	O	2.38	3.78	2.94	3.03	O	3.26	3.64	2.93	3.27	O	3.77	3.86	3.11	3.58
	F	2.63	2.68	2.51	2.60	F	3.12	3.69	3.31	3.37	F	4.41	3.78	3.31	3.83
Avg	3.06	3.32	2.53	n = 16	Avg	3.45	3.52	3.00	n = 11	Avg	4.02	3.59	3.06	n = 9	
Scope of fundraising cty	M	C	L	Avg	M	C	L	Avg	M	C	L	Avg			
	P.I.	3.74	3.12	2.37	3.08	P.I.	3.98	3.44	2.80	3.41	P.I.	4.14	4.14	2.82	3.70
	P.R.	3.58	3.38	2.54	3.17	P.R.	3.56	3.52	2.75	3.28	P.R.	3.64	3.11	3.30	3.35
	O	2.59	3.80	2.95	3.11	O	3.23	3.64	2.92	3.26	O	3.85	4.00	3.33	3.73
	F	2.79	2.72	2.72	2.74	F	3.56	3.72	3.18	3.49	F	3.77	3.84	3.09	3.57
Avg	3.17	3.26	2.64	n = 17	Avg	3.59	3.58	2.91	n = 15	Avg	3.85	3.77	3.13	n = 4	

Figure 11: Actual Average Values of Sustainability Measurement Framework Elements by Organizational Groups (own Illustration)

Looking at the development aid NGOs as groups, the NGOs with a narrow scope of project countries (44.4%) show the lowest values for all sustainability levels and for all sustainability tasks (except for ‘Communicate’, where NGOs with narrow scope of fundraising show an average of 3.26 versus 3.32). The rationale behind may be that staying

⁴⁴⁸ This finding may lead to an interpretation that small/narrow NGOs address more the heart while big/broad NGOs address the head.

within few countries only reduces complexities, or that staying within few countries requires little effort only or offers little perspective regarding what should be done to keep the projects and NGO successful, sustainable and ensure impact. However, this finding of low values at summary level (level and task) is not reflected in values of the individual elements (e.g. communication at initialization level is the second highest of all 9 groups, 3.46). Therefore, NGOs with narrow scope of project countries do not necessarily invest less effort, but they focus their efforts selectively to what seems most critical to them.

The result regarding the overall highest values, i.e. the most effort, is less obvious. However, development aid NGOs with a broad scope of fundraising countries have the highest values for most sustainability levels (NGOs with broad scope of project countries do more at Project Result level, showing an average of 3.54 versus 3.35, and big NGOs do more at Fundraising level, showing an average of 3.84 versus 3.57) and sustainability tasks (NGOs with broad scope of project countries do more regarding Measurement, showing an average of 4.02 versus 3.85). This supports the previous finding that engagement with donors in additional countries increases the overall complexity more than growing in size or in the number of project countries (or alternatively, that having fundraising activities in different countries gives NGOs perspectives of what is required for success, sustainability, and impact).

In general, small NGOs spend less effort on all levels and for all tasks than big NGOs (except for initialization level, 3.40 versus 3.21, result level, 3.33 versus 3.30, and communication task, 3.58 versus 3.55). The same applies for scope of project countries and scope of fundraising countries: narrow NGOs spend less effort on all levels and for all tasks than broad NGOs (without any exception).

In summary, the organizational groups reveal mixed results. While they form distinct groups, the results of the hitherto analyses have a certain tendency to leave detailed questions open. Therefore, the average results per organizational group are mathematically correct, but the differences to other groups are less distinct, allegeable, and explicable than the groups themselves. In order to compensate for this limitation, paragraph 4.2.1.4 extends the organizational grouping approach.

After having introduced the basic organizational groups, the next paragraphs turn to the analysis of potential improvements, i.e. comparison of the answers regarding the actual situation with the answers regarding the 'should' situation. Besides analyzing the individual potential improvements, the potential improvements by Sustainability Measurement

Framework element, the analysis also looks at the 9 different organizational groups introduced above.

4.2.1.3 Comparison of actual Situation and potential Improvements

After having analyzed the answers with basic statistical measurements and the answers regarding Sustainability Measurement Framework elements by organizational groups, the following paragraphs compare the actual situation of development aid NGOs with the desired situation. The design of the questionnaire (see paragraph 4.1.1), i.e. the questions regarding the actual situation on the one hand and regarding the desired situation on the other hand allows such a comparison of the actual situation with the ‘should situation’ (see paragraph 4.1.1). The following paragraphs provide the respective details.

4.2.1.3.1 Analysis

According to the design of the questionnaire (see paragraph 4.1.1), the development aid NGOs are asked to answer the questions by a range of 1 to 5 (ranging from ‘never’ to ‘always’, or leave the answer blank). These answers point to the current situation, i.e. how the development aid NGO assesses the respective aspect to be currently relevant for or represented in the NGO. Besides asking for the current situation regarding this question, the questionnaire also ask the NGOs to state the desired situation, e.g. while an NGO may say that child labor is only ‘seldom’ taken into consideration at the moment (ranking 2), it may believe that child labor should ‘mostly’ be taken into consideration (ranking 4). The comparison of these two rankings (2 versus 4) indicates the required level of improvement that the NGO sees for the area in question. This improvement can be mathematically positive, e.g. child labor should be considered more often, or the improvement can be mathematically negative, e.g. project status reporting should apply less frequently than it currently does.

The differences between the rankings for the actual situation and the desired situation, i.e. the potential improvements, can be interpreted as new data point and applicable statistical measures may be applied to it. Table 14 provides the total average improvements for all NGOs by question group in the structure of the Sustainability Measurement Framework (the total number of applicable NGOs is 22 as only 22 NGOs filled in the ‘should section’, see paragraph 4.1.1).

	Measure	Communicate	Learn	Average
Project Initialization	0.38	0.13	0.19	0.23
Project Result	0.54	0.26	0.27	0.35
Organization	0.26	0.34	0.37	0.33
Fundraising	0.44	0.16	0.27	0.29
Average	0.40	0.22	0.28	n = 22

Table 14: Average Improvements of Sustainability Measurement Framework Elements for all Development Aid NGOs (own Illustration)

Table 14 suggests that overall, Measure at Project Result level should be improved the most, while Communicate at Project Initialization level needs the least improvement. Out of the three sustainability tasks, Measure requires the most improvement, followed by Learn, and out of the four levels Project Result need the most improvement, followed by the Organization level. These results indicate that measurement, which already enjoys high importance (see table 12), needs significant improvement. Looking at the details, the most significant and the third most significant Sustainability Measurement Framework element (Measure at Project Initialization level and Measure at Project Result level) are the ones that require the third most and most improvement (i.e. elements of the Sustainability Measurement Framework that already require much effort require even more effort). This might be understood as indication how difficult it is to follow the best possible measurement approach as well as to achieve impact.

In addition to analyzing the average values of improvement by Sustainability Measurement Framework element (see table 14), table 15 shows the individual questions that are ranked highest for improvement⁴⁴⁹ (including improvement value) for each Sustainability Measurement Framework element, with the three overall most significant improvements written in bold type. The detailed analysis of the individual questions of table 15 shows a somewhat different picture than looking at the averages of question groups shown in table 14. The question that should be improved the most is related to the assessment of project opportunities and risks (with an improvement value of 2.0), which is part of the Sustainability Measurement Framework element communication at initialization level, the element with the lowest average improvement value in table 14 (0.16).

⁴⁴⁹ Each field of the Sustainability Measurement Framework matrix shows the three questions with the highest average value for improvement, however, if multiple questions show the same average value for improvement, all respective questions are mentioned (consequently leading to more than three questions in one field).

	Measure	Communicate	Learn
Project Initialization	<ul style="list-style-type: none"> Internal standards of organizations are complied with (0.59) Time plan for project implementation is realistic (0.55) Project promises good performance ratios (0.55) 	<ul style="list-style-type: none"> Feedback to future project manager regarding special expectations, core aspects, or opportunities and risks of the project (0.32) Information to donors: number, content, etc. of proposals (0.23) Provide assessment of project opportunities and risks to proposal requesters (2.0) 	<ul style="list-style-type: none"> Exchange with other organization to professionalize project preparation and project proposals (0.55) Internal education/training or capacity building initiative (0.36) Adjust approach and methodology for project descriptions/proposals (0.14) Adapt criteria used to decide upon project proposals (0.14)
Project Result	<ul style="list-style-type: none"> Satisfaction of project team members (0.95) Deviation from latest/actual project plan (0.44) Achievement of long-term project results (0.68) 	<ul style="list-style-type: none"> Project status to beneficiaries (0.45) Project status to all internal employees/volunteers (0.45) Project budget to beneficiaries (0.41) Summary of all current projects to all project teams (0.41) Final report to beneficiaries (0.41) 	<ul style="list-style-type: none"> Collect systematic feedback from project team, partners and beneficiaries (0.68) Clarify expectations of project team, partners and beneficiaries (0.55) More attention for critical projects (0.45)
Organization	<ul style="list-style-type: none"> Quality analysis of services and projects (0.86) Total expenses for rejected projects proposals (0.73) Organizational analysis (0.59) 	<ul style="list-style-type: none"> Stakeholder understand the specific challenges and external conditions of your organization's development aid projects (0.95) How the expenses change the lives of beneficiaries is obvious and easy to understand for stakeholders (0.59) You host frequent information events for stakeholders (0.41) 	<ul style="list-style-type: none"> Critical review of requirements for project responsibility (.045) Critical review of project management (0.45) Critical review of decision criteria for project proposals (0.41) Critical review of project mix (0.41) Critical review of offered services and projects (0.41)
Fundraising	<ul style="list-style-type: none"> Classification of donors/group of donors (0.73) Deviation analysis for donor development (0.68) Ratios per donor/group of donor (0.61) 	<ul style="list-style-type: none"> Approaching of donors differs by donor group (0.36) Frequent meetings with top-donors apply (0.36) Donors are specifically informed, how the project contributes to a sustainable increase for beneficiaries (0.32) Your organization strives to engage important donors emotionally in the organizations work and projects (0.32) 	<ul style="list-style-type: none"> Critical review of future collaboration with donors/groups of donors (0.45) Feedback of donors is incorporated in future project preparations (0.36) Critical review of individual fundraising activities (0.36) Critical review of future products and services (0.36)

Table 15: Most significant questions to improve (including average value of improvement) (own Illustration)

The questions that should be improved second and third most (both at 0.95) are related to measuring project team satisfaction (being part of the Sustainability Measurement Framework element Measure at Project Result level and Communicate at Organization level

respectively, the element with the highest and medium average improvement). Therewith, the analysis of the detailed questions somewhat contradicts the analysis of the average improvements by Sustainability Measurement Framework element in table 14: what seems to show little need for improvement, communication at initialization level, and potentially enjoys the lowest priority, actually contains the one question that requires the most improvement, providing assessment of project opportunities and risks to proposal requester.

The three most important individual improvements, providing assessment of project opportunities and risks to proposal requester, measure the satisfaction of project team members, and stakeholders understanding the specific challenges and external conditions of the organization's development aid projects, all relate to people and relationships between people rather than to technical, organizational, or managerial aspects of development aid projects and development aid NGOs. Furthermore, these three most important individual improvements directly link to the following project success factors (see paragraph 2.3.4): idea management, team aspects, and information, communication and documentation. The combination of these two conclusions thus supports the theoretical finding that development aid projects are very much people projects (see paragraph 2.3.5), i.e. to achieve more impact, development aid NGOs should increase feedback to project requestors, educate stakeholders, and increase team satisfaction.

After having analyzed the overall improvement answers, the following paragraphs discuss improvement answers by the 9 organizational groups.

4.2.1.3.2 Analysis by organizational Group

In addition to the analysis of the improvements for the Sustainability Measurement Framework elements, table 16 shows the results of average improvements per question group by organizational group⁴⁵⁰. The table lists the three question groups with the highest as well as the three question groups with the lowest average improvements for each organizational group (including the respective improvement level in brackets)⁴⁵¹. Table 14 shows the areas with the most improvements required: Measure at Project Result level and Measure at Fundraising level (C.3 and E.1) require the most improvement, together with aspects of development aid project (B.2). In contrast, Communicate and Learn at Project Initialization level (B.4 and B.5) as well as Communicate at Fundraising level (E.2) need the least improvement. Communicate at Project Initialization (B.4) together with Communicate

⁴⁵⁰ C.1 (project control) is excluded as it does not have a 'should section' in the questionnaire.

⁴⁵¹ Most significant improvement means greatest difference between average value of 'actual section' and 'should section', least significant improvement means the smallest difference between these two aspects.

at Project Result level (C.4), Communicate at Fundraising level (E.2), and Learn at Fundraising level (E.3) achieve negative values, i.e. the respective efforts should be reduced. Comparing the organizational groups, there seems to be little similarities. While medium-sized NGOs seem to agree on improving Measure at Project Result level (C.3) and Measure at Fundraising level (E.1), big/broad NGOs as well as small/narrow NGOs have virtually no similarities regarding improvement (except that each repeats at least one of the overall improvements C.3, E.1 and B.2). A similar finding is true for the least improvements: all medium NGOs state that improvement of Communicate at Project Initialization level (B.4) is not important, big/broad NGOs believe that improvement of Communicate at Fundraising level (E.2) is not important, and small/narrow NGOs have hardly any similarities (the NGOs with narrow scope of project countries do not even share one of the overall least significant improvement question groups). While the average improvement for the organizational groups by size and scope of project countries is relatively similar (ranging from 0.26 to 0.35), the organizational groups by scope of fundraising countries show a broad range of average improvements: narrow NGOs see 0.15, big NGOs 0.13, and medium NGOs 0.47 average improvements, which are significantly lower or higher than in all the other groups. This supports the previous finding (see paragraph 4.2.1.2.3) that the grouping by scope of fundraising countries gather a rather diverse rather than similar set of NGOs and is therefore a rather weak grouping approach.

The comparison of these findings with the findings of efforts by organizational group (see figure 11, paragraph 4.2.1.2.3) suggests that NGOs with broad scope of fundraising countries, which generally tend to spend the most effort on Sustainability Measurement Framework elements, also see the least need for improvement (0.13 versus 0.31 average improvement by all organizations). These NGOs are also the only ones that see significant negative improvement, i.e. that imply doing less of the same:

- Communicate at Project Initialization level -0.39 (currently 4.14, see figure 11, compared to 3.37 for all organizations, see table 12)
- Learn at Fundraising level -0.26 (currently 3.09, see figure 11, compared to 2.95 for all organizations, see table 12)
- Communicate at Fundraising level -0.06 (currently 3.84, see figure 11, compared to 3.27 for all organizations, see table 12)

Therefore, NGOs with a broad scope of fundraising countries make above-average efforts at Communicate at Project Initialization level as well as Communicate at Fundraising level even if improvement reductions take place. With this level of negative improvement, NGOs with a broad scope of fundraising countries are exceptional, the other groups have

maximum one negative improvement, and the most significant is communication at initialization level with -0.14 from NGOs with a medium scope of project countries.

NGOs overall spend the least effort on Sustainability Measurement Framework elements, i.e. NGOs with a narrow scope of project countries (see figure 11), only see average improvements to be necessary, i.e. on average, they do not see themselves to lack something and have a significant need for more improvement than other NGOs.

Looking more closely at the answers (average per question group) of individual NGOs, the five most significant improvements are contributed by two NGOs only⁴⁵² (and the 10 most significant improvements by four NGOs). Therefore, it is not the question group that attracts much improvements, it is rather the individual NGO that sees room for improvement. Combining the most and least significant improvements by NGO, one of the two NGOs that contribute to the five most significant improvements is also contributing two of the five least significant improvements (in this case negative improvements, i.e. cutbacks). Therefore, one of the NGOs that see need for improvement also sees need for cutback, i.e. it sees potential to work smarter instead of just working more (i.e. increase the efforts regarding certain activities and at the same time reduce the efforts for other activities). Looking at the NGOs that are less keen on improvement, one NGO does not believe that improvement is necessary at all, and four NGOs do not reckon improvement to be necessary for 9 out of the 14 relevant question groups. Therefore, five NGOs (23%) do not believe improvement to be necessary for more than 50% of the questions groups. Finally, one NGO suggests an overall negative improvement (i.e. cutback).

Looking at the organizational groups of the five NGOs with the highest improvement value, they are small and medium in size and medium regarding scope of fundraising countries (regarding scope of project countries they are represented in all three groups: narrow, medium, and broad). Therefore, the NGOs that see the most improvements to be necessary span across the organizational groups rather than following the respective grouping schemes. The three NGOs closest to 'no improvement at all' are all small in size, narrow regarding scope of project countries and narrow regarding scope of fundraising countries. The one NGO suggesting an overall cutback is big in size, broad in scope of project countries and narrow in scope of fundraising countries.

⁴⁵² The five most significant improvements by question group are: communication of project results (C.4) to be improved by 2.1, measurement of project results (C.3) to be improved by 2.0, measurement of fundraising (E.1) to be improved by 1.9, learning from fundraising (E.3) to be improved by 1.5, and learning from organizational results (D.3) to be improved by 1.3.

Size	Rank	All	Small	Medium	Big	
	Most	1	C.3 (0.54)	E.1 (0.48)	C.3 (0.76)	B.3 (0.56)
		2	E.1 (0.44)	C.3 (0.45)	E.1 (0.54)	B.2 (0.45)
		3	B.2 (0.42)	B.2 (0.40)	B.2 (0.48)	D.2 (0.43)
	Least	3	B.5 (0.19)	B.5 (0.25)	E.2 (0.19)	E.3 (0.07)
		2	E.2 (0.16)	D.1 (0.13)	C.4 (0.11)	B.5 (0.06)
1		B.4 (0.13)	B.4 (0.12)	B.4 (0.10)	E.2 (-0.10)	
Average		0.31	0.30	0.35	0.26	

Scope of project cty	Rank	Narrow	Medium	Broad	
	Most	1	D.3 (0.35)	C.3 (0.87)	D.3 (0.60)
		2	C.4 (0.33)	E.1 (0.72)	B.3 (0.58)
		3	C.3 (0.33)	B.2 (0.51)	C.3 (0.51)
	Least	3	E.2 (0.25)	C.4 (0.12)	B.5 (0.20)
		2	E.3 (0.24)	B.5 (0.08)	B.1 (0.16)
		1	B.3 (0.22)	B.4 (-0.14)	E.2 (-0.02)
	Average		0.29	0.33	0.33

Scope of fundraising cty	Rank	Narrow	Medium	Broad	
	Most	1	B.2 (0.282)	C.3 (0.79)	C.3 (0.79)
		2	E.1 (0.208)	E.1 (0.66)	D.2 (0.43)
		3	D.2 (0.207)	D.3 (0.62)	B.2 (0.35)
	Least	3	B.4 (0.110)	B.5 (0.33)	E.2 (-0.06)
		2	C.2 (0.104)	B.4 (0.23)	E.3 (-0.26)
		1	C.4 (-0.063)	E.2 (0.21)	B.4 (-0.39)
	Average		0.15	0.47	0.13

Table 16: Question Groups with most and least Improvement for each organizational Group (own Illustration)

Summarizing the above findings, improvement is driven by the development aid NGO itself and not by the topic or the question, i.e. it is not the questions that offer room for improvement (positive and negative), instead it is the individual development aid NGO that sees room to work smarter, i.e. spend more effort on certain activities and reduce the effort for other activities.

While this analysis of improvements by Sustainability Measurement Framework elements by organizational groups again reveals considerable heterogeneity of the organizational groups (instead of homogeneity, see also paragraph 4.2.1.2.3), the organizational groups

show even more heterogeneity for the statistical cluster analyses (see paragraphs 4.3.1.2 to 4.3.1.4). To compensate for this limitation of the organizational grouping approach, the following paragraphs extend the organizational groups by discussing two additional criteria: development aid approaches and sources of funding. These extended organizational groups allow gaining more detailed and distinct insights into answer patterns of different NGOs.

4.2.1.4 Extended Organizational Groups

After understanding the limitations of the organizational group, the following paragraphs extend the organizational groups introduced in paragraph 4.2.1.2. The objective of this extension is to offer grouping approaches that allow for distinctively different results between the organizational groups but homogeneous results within each group. The statistical results regarding the Sustainability Measurement Framework shall then be tested against such strong alternative grouping approaches.

4.2.1.4.1 Theoretical Design

Analyzing the survey data along different patterns and calculating the statistical measures introduced in paragraph 4.2.1.1⁴⁵³, development aid activities drawn from question group A.4 and sources of funding drawn from question group A.6 prove to be two additional classifications that offer homogeneous groups of NGOs. The following paragraphs introduce the respective groups.

For the first classification, development aid activities (with the data being drawn from question group A.4), the analysis reveals the following three (or actually four) groups, each of them containing distinct NGOs (i.e. there is no overlap between the groups):

- NGOs that significantly support infrastructure: three NGOs, all of them rank 4 ('mostly') regarding financial support for infrastructure.
- NGOs that significantly support running costs: six NGOs, all of them rank 4 ('mostly') regarding financial support for running costs.
- NGOs that significantly engage external project managers: three NGOs, with one of them ranking 5 ('always'), two of them ranking 4 ('mostly') regarding engaging with external project managers.
- Others: this group contains the remaining 24 NGOs that are not part of one of the above groups.

⁴⁵³ All analyses and calculations have been done using SQL Server (see paragraph 4.1.6).

For the second classification, sources of funding (with the data being drawn from question group A.6), the analysis reveals the following two (or actually three) groups, each of them containing distinct NGOs (i.e. there is no overlap between the groups):

- NGOs with significant government support: seven NGOs, all of them rank 4 ('mostly') regarding contribution or donation from government.
- NGOs with significant order from government: five NGOs, all of them rank 4 ('mostly') regarding having service contracts with government.
- Others: this group containing the remaining 24 NGOs that are not part of one of the above groups.

		Support infrastructure				Support running costs				External project manager			
		M	C	L	Avg	M	C	L	Avg	M	C	L	Avg
Development aid approach	P.I.	4.40	3.89	2.48	3.59	4.17	4.07	2.48	3.57	3.91	2.59	3.05	3.18
	P.R.	4.00	3.81	3.06	3.62	3.48	3.81	3.07	3.45	4.07	3.67	3.42	3.72
	O	3.40	3.95	3.43	3.59	2.73	3.90	3.35	3.33	3.48	4.14	3.33	3.65
	F	3.90	3.83	3.83	3.85	3.32	3.44	3.40	3.39	2.93	3.08	3.54	3.18
	Avg	3.93	3.87	3.20	n = 3	3.43	3.81	3.08	n = 6	3.60	3.37	3.34	n = 3
Sources of funding	P.I.	4.21	3.03	3.27	3.50	3.95	3.04	2.86	3.28	3.95	3.04	2.86	3.28
	P.R.	4.12	3.64	3.01	3.59	3.66	3.29	3.23	3.39	3.66	3.29	3.23	3.39
	O	3.53	3.78	3.21	3.51	3.83	3.91	3.24	3.66	3.83	3.91	3.24	3.66
	F	3.85	3.70	3.50	3.68	3.44	3.60	2.88	3.31	3.44	3.60	2.88	3.31
	Avg	3.93	3.54	3.25	n = 7	3.72	3.46	3.05	n = 5	3.72	3.46	3.05	n = 5

Figure 12: Actual Average Values of Sustainability Measurement Framework Elements by extended organizational Groups (own Illustration)

The following paragraphs analyze these five new, extended organizational groups regarding Sustainability Measurement Framework elements and compare them to table 12 and figure 11 (actual average values of Sustainability Measurement Framework elements of all NGOs and by organizational groups respectively).

4.2.1.4.2 Analysis by Sustainability Measurement Framework elements

After having designed five new, extended organizational groups, the following paragraphs analyze these new groups by Sustainability Measurement Framework elements (see figure

12). The respective values are then compared to actual average values of Sustainability Measurement Framework elements for all NGOs (see table 12) and actual average values of Sustainability Measurement Framework elements by organizational groups (figure 11).

These five new groups show significant differences to the results for all NGOs (see table 12). While the Initialization level is the most important one for all NGOs (average value of 3.28), only the group that supports running costs see the Initialization level as the most important level (average value of 3.57), all other groups believe other levels to be dominant⁴⁵⁴. The finding regarding tasks is similar: while for all NGOs the task Communicate is most important, this is only true for the group supporting running costs (3.81), for all other groups the task Measure is most important. Furthermore, all average values (for levels as well as for tasks) are higher than the respective average values for all NGOs, except for the group with external project managers, Initialization level and communication task. Finally, learning seems to be more significant for these groups than for the average of all NGOs: while for all NGOs the task Learn has the lowest average value for each of the four levels, learning is at least the second-most important task for at least one of the levels of the five new groups. Additionally, learning shows a relatively small range for NGOs receiving support from governments (range of 0.49, minimum being 3.01 and maximum being 3.50) and for NGOs engaging external project managers (range of 0.49, minimum being 3.05 and maximum being 3.54). All other tasks of these NGOs have a range of greater than 1.0. For NGOs engaging external project managers, learning is even the most important task at the Fundraising level, maybe because the know-how resides with external resources and therefore the NGOs need formal processes in order to capture the know-how and have it internally available for further and future use.

Comparing the average values of Sustainability Measurement Framework elements of the five new organizational groups with the ones from the 9 organizational groups (see figure 11) reveals the significance of the group of NGOs that support infrastructure. It shows the highest effort of all groups with a total average of all Sustainability Measurement Framework elements of 3.67, compared to 3.58 which is the total average of NGOs with broad scope of fundraising countries (which is the group with the highest efforts out of the 9 organizational groups, see paragraph 4.2.1.2.3). NGOs that support infrastructure also score higher for all sustainability levels and for all sustainability tasks than any of the 9 organizational groups (except for Project Initialization and Organization level where NGOs with broad scope of fundraising countries show higher values than NGOs that support

⁴⁵⁴ NGOs that support infrastructure and NGOs that receive funding from government see Fundraising level as dominant (average value of 3.85 and 3.68 respectively), NGOs with external project managers see Project Result level as dominant (average value of 3.72), and NGOs that work by the order of the government see Organizational level as dominant (average value of 3.66).

infrastructure, and measurement task where NGOs with broad scope of project countries show higher values than NGOs that support infrastructure). In a similar way, but less significant, the NGOs of the other four new organizational groups also show above average efforts (the average total of all 9 organizational groups is 3.29, with only NGOs with broad scope of fundraising countries, 3.58, NGOs with broad scope of project countries, 3.56, and big NGOs, 3.45, showing higher total average values than the 4 remaining new organizational groups). The respective average values are:

- 3.57 for NGOs with significant support from governments
- 3.44 for NGOs that support running costs
- 3.44 for NGOs that engage external project managers
- 3.41 for NGOs that work under the order of governments

The analyses of extended organizational groups indicate that grouping by development aid activities and sources of funding reveals more distinct groups than grouping by size, scope of project countries, and scope of fundraising countries. These additional groups also describe more of the organizations that spend above average efforts on sustainability-related tasks at different levels. Therewith, development aid activities and sources of funding group the NGOs into homogeneous groups and these groups may serve as basis for best practice.

After having confirmed the strength of the extended organizational groups, the following paragraph summarizes all 15 extended organizational groups.

4.2.1.4.3 Summary extended organizational Groups

Combining the organizational grouping introduced in paragraph 4.2.1.2 with the five new organizational groups discussed above leads to the 15 extended organizational groups listed below. These extended organizational groups are used for further statistical analyses, including the clustering approaches, which test how homogeneously these groups answered the questionnaire regarding project approaches, sustainability, project control, project success factors and Sustainability Measurement Framework elements (see paragraph 4.1.4.).

The 15 extended organizational groups are:

- A) All NGOs
- B) Big NGOs
- C) Medium-sized NGOs
- D) Small-sized NGOs
- E) NGOs with broad scope of project countries
- F) NGOs with medium scope of project countries

- G) NGOs with narrow scope of project countries
- H) NGOs with broad scope of fundraising countries
- I) NGOs with medium scope of fundraising countries
- J) NGOs with narrow scope of fundraising countries
- K) NGOs that finance of infrastructure
- L) NGOs that finance of running costs
- M) NGOs that significantly engage external project managers
- N) NGOs that receive significant funding from government
- O) NGOs that work by the order of the government

After having discussed basic statistical measurements, introduced organizational groups, analyzed improvements, and extended the organizational groups by more distinct groups, the following paragraphs summarize all results by linking them to organizational aspects of development aid NGOs. Therewith, the paragraphs answer the third research question: “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”.

4.2.2 Survey Findings regarding managerial Aspects of Development Aid NGOs (third Research Question)

In order to answer the third research question (“Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”), the following paragraphs look at all key discussion points of the theoretical considerations regarding managerial aspects (see chapter 2). Each paragraph looks at one managerial aspect and links questions including their answers from the questionnaire to this aspect. The assessment of the views of practitioners confirms, questions, or refuses the theoretical considerations. The last paragraph also looks at hypotheses used for the design of the questionnaire (see paragraph 4.1.1).

4.2.2.1 Three Dimensions of Sustainability

The design of the questionnaire was built on the definition of sustainability (see paragraph 2.1.1.1) i.e. the three dimensions environment, society, and economy (see paragraph 4.1.1). Therefore, there is little room for NGOs participating in the survey to impose a different concept of sustainability (except by adding comments, which none of the NGOs did). Nevertheless, the answers to questions regarding aspects of development aid projects (see appendix XXIII, question group B.2) allow an assessment of the three dimensions of sustainability. The five questions with the highest average answer rate point to all three

dimensions of sustainability⁴⁵⁵. While this analysis may seem to rate the economic dimension lower than the environmental and social dimension, it looks like the economic viability of projects is actually of high importance (e.g. significance of control for financial resources, see paragraph 4.2.1.1.1, and other economic aspects of development aid projects obtain above average answer rates⁴⁵⁶). Therefore, the survey tends to support the three dimensions of sustainability.

4.2.2.2 NGO-specific Sustainability Understanding

Besides confirming the three sustainability dimensions, the survey indirectly also supports the requirement for NGO-specific definition of sustainability (see paragraph 3.2). While general questions regarding sustainability are answered homogeneously, specific questions are answered heterogeneously (i.e. there are good intentions in terms of sustainability but currently only a few best practices cases exist, see paragraph 4.2.1.3). Some questions regarding environmental and social sustainability that seem important for long-term development of people and countries are not only answered heterogeneously, they even rank low by average answer value⁴⁵⁷. Given this heterogeneity and low ranking of potentially important questions supports the theoretical consideration that NGOs must frame their own sustainability understanding. Currently, there are little commonly agreed upon sustainability frameworks that development aid NGOs can turn to for best practices.

4.2.2.3 NGO Professionalism

While the questionnaire does not directly address professionalism of NGOs⁴⁵⁸, the analyses nevertheless show some increasing professionalism approaches. The most significant indication is the finding that improvement is driven by the development aid NGO itself and not by the topic or the question, i.e. it is not the questions that offer room for improvement (positive and negative), instead it is the individual development aid NGO that sees room for

⁴⁵⁵ The five questions of question group B.2 with the highest average answers and the sustainability dimension that they point to are: “projects use natural resources gently” (4.11, environment), “projects respect the cultural heritage of the project areas/region” (4.00, society), “projects balance social forces (i.e. underprivileged do benefit as well)” (3.89, society), “projects protect natural resources from exploitation” (3.83, environment), and “beneficiaries are being prepared for the later operation of the project (education/training, contractual coverage, financing, etc.)” (3.78, economy).

⁴⁵⁶ Two such questions of question group B.2 (average answer is 3.35) are: “after its termination, the project must be financially self-supporting” (3.39), and “projects lead to income opportunities for local people” (3.36).

⁴⁵⁷ Examples of specific long-term sustainability questions of question group B.2 with low average values (they are among the 10 lowest values) are: “neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success” (2.61, economy), “projects ensure that children can go to school regularly” (2.81, society), and “projects ensure that the children's capacity for learning is increased” (2.86, society).

⁴⁵⁸ Professionalism approaches serve to successfully use a model such as the St. Gallen Management Model in order to use external changes to react to the current challenges (see paragraphs 2.2.4 and 2.2.5).

working smarter, i.e. spend more effort on certain activities and reduce the effort for other activities. The NGOs that are most keen for improvements are medium in size and have a medium scope of fundraising countries. Overall, NGOs also see clear areas for improvements, the most important three areas being (with respective average improvement value) increasing feedback to project requestors (2.0), educating stakeholders regarding the specific challenges and external conditions of your organization's development aid projects (0.95), and increasing team satisfaction (0.95). There are other aspects which indicate less progress regarding professionalism, e.g. the lack of application of performance management tools⁴⁵⁹. Nevertheless, the question from the same question group project control (C.1) with the highest answer rate, "conducting surveys with beneficiaries regarding benefits", indicates that development aid NGOs spend significant effort on using structured approaches to understand current challenges as well as on using external changes to address these challenges.

4.2.2.4 Complexities in Development Aid Countries

The survey does not explicitly ask for the complexities related to the realities in development aid countries (see paragraph 2.2.4.1). However, using the questions regarding project characteristics (see appendix XXIII, question group B.1) as proxy, there is strong evidence for the complexities regarding society, technology, and economy, as suggested by the theoretical considerations, being confirmed by the practitioners. The six questions⁴⁶⁰ with the highest average answers all point to local aspects of the project, and at the same time, three out of the four answers with the lowest average answers all point to aspects that neglect the complexities⁴⁶¹. However, there are answer values that contradict the complexities, e.g. the question "Achieved project results remain existent over a long period of time (there is no risk of backslide)" which has an above average answer of 3.53 and somewhat contradicts the complexity of fast changing economy. Also the question "The success of projects is dependent on external factors (i.e. assumptions, conditions, limiting factors, and presupposition)" shows an average answer value (3.42) which is slightly below average while the theoretical considerations suggest a high value given the complexities in

⁴⁵⁹ Performance management systems achieve the lowest average values of all project control approaches (2.08). (see appendix XXIII, question group C.1).

⁴⁶⁰ The six questions of question group B.1 with the highest average answers are: "daily laborers are recruited locally" (4.39), "foremen/team leaders are recruited locally" (4.31), "engage beneficiaries in the projects" (4.25), "projects likewise focus on short term targets (project results) and on long term targets (change lives of beneficiaries)" (4.14), "technologies used are adapted to the local conditions" (4.03), and "project results change the lives of beneficiaries manifold" (4.00).

⁴⁶¹ The four questions of question group B.1 with the lowest average answers are: "projects are specifically tailored to the requests of donors" (2.19), "support of permanent establishment (schools, hospitals, etc.)" (2.33), "using new technologies" (2.67), and "low cost of engaged daily laborers is important" (2.78). The average answer of all questions of question group B.1 is 3.49.

the reality of development aid countries. Despite these differences, the values are still near to the average, and therefore the contradiction toward the theoretical consideration regarding complexities in the reality of development aid countries is not significant. Looking at the behavior of NGO groups (see paragraph 4.2.1.2.3), the focus of NGO activities to a few countries only reduces complexities, and NGOs with narrow scope of project countries focus their effort selectively to what seems most critical to them. Summarizing these indications, the complexities developing countries that development aid NGOs are likely to be significant.

4.2.2.5 Complexity of Stakeholders

The questionnaire does not allow addressing the complexity of the stakeholder issue to the level that the theoretical considerations discussed them (see paragraph 2.2.4.2). However, the survey results indirectly support the complexity arising from the diversity of stakeholders: overall, Communicate is the most significant sustainability task out of the three sustainability tasks (see paragraph 4.2.1.1.3)⁴⁶². Looking at the details of the answers (see appendix XXIII, question groups B.4, C.4, D.2), communication is different by stakeholders (however, the questionnaire only looks at narrow range of possible stakeholders). Therefore, the importance of communication can partly be traced back to the complexity of stakeholders. Looking further at the improvements regarding communication, they show the least priority (see paragraph 4.2.1.3.1)⁴⁶³. While this low priority may have several reasons, including decreasing complexity of stakeholders, the survey in general supports a tendency towards the theoretical finding that NGOs have a complex stakeholder structure.

4.2.2.6 Importance of Fundraising

Looking at the average values for each of the four sustainability levels, Fundraising is rated as the least importance (see paragraph 4.2.1.1.3). However, when looking at the individual organizational groups (see paragraph 4.2.1.2.3), four of the 9 groups see Fundraising as most important level, all being medium or big/broad in size⁴⁶⁴. Also two of the five

⁴⁶² This significance of communication is not only true for the average of all NGOs. Also the 9 organizational groups see Communicate as the most or second-most important aspect with smaller organizations tending to see it most important (see figure 11). Out of the five extended organizational groups, only NGOs that support running costs see Communicate most important, all others rank it second-most important (see figure 12).

⁴⁶³ On average, the Sustainability Task Communicate shows the lowest improvement among all three tasks. Looking at organizational groups (see figure 12), 15 out of the 27 least improvements are related to communication, and six of the 15 improvements are negative (i.e. there should be less communication). Only three organizations see improvement for communication. For one group, the medium-sized NGOs, all three least important improvements are related to communication.

⁴⁶⁴ The NGOs that see fundraising as being of low importance are small NGOs and NGOs being narrow in project countries and fundraising countries.

extended organizational groups see Fundraising is being of highest importance (see paragraph 4.2.1.4.2). The analysis reveals further indications that Fundraising is of high importance and does require significant effort. The first such indication is the tendency that organizations choose to diversify in project countries rather than in fundraising countries (see paragraph 4.2.1.2.2). Secondly, engagement with donors in additional countries increases the overall complexity more than growing in size or in the number of project countries (see paragraph 4.2.1.2.3). And thirdly, financial resources are often reported but they rank low as project success factor, i.e. financial resources may be understood as prerequisite to conduct a development aid project (see paragraph 4.2.1.1.1) and they are therefore of high importance. Based on these indicators, the survey gives evidence that fundraising is of high importance. However, fundraising seems to enjoy less priority regarding management and improvements than other managerial aspects.

4.2.2.7 Time-to-Achievement Model

The time-to-achievement model suggests that long-term impacts are achieved after the project duration and that development aid NGOs may strive to maintain some form of minor long-term involvement (see paragraph 2.2.5.2). Question group B.1 contains six questions that are connected to the time-to-achievement model (see appendix XXIII)⁴⁶⁵. Not only the percentage of NGOs that answer the respective questions with ‘always’ or ‘mostly’, also the average values⁴⁶⁶ support the time-to-achievement model, and the answers show little variability (i.e. low IQR, standard deviation, variance, and skewness values). These questions strongly support the first element of the time-to-achievement model, i.e. long-term impacts are achieved after the project duration. The answer to the second part of the model, i.e. development aid NGOs engage in minor long-term follow-up projects to ensure involvement is less evident. The only question that somewhat points to this direction, how often NGOs offer repeated support to the same beneficiaries (see appendix XXIII, question 2 of question group B.1), ranks relatively low (2.83). However, the low average rate of this question does not take projects that foresee minor long-term engagement by design into account. Therefore, while the survey does not support evidence for the second element of

⁴⁶⁵ Question group B.1, questions 11 to 16: 72% of the NGOs state that results are mostly or always achieved during the project duration. 84% of the NGOs state that short-term results mostly or always change the lives of beneficiaries. 48% of the NGOs agree that a significant part of the changes is mostly or always achieved after the project duration only. 72% of the NGOs state that projects mostly or always focus on short-term and long-term targets. 52% of the NGOs state that achieved project results mostly or always remain existent (i.e. no risk of backslide). And finally, 25% of the NGOs agree that once the short-term results are achieved, also long-term changes in the lives of beneficiaries are mostly or always achieved.

⁴⁶⁶ Two of the six questions are among the six questions with the highest answer values, and the average answer value of the six questions is 3.58 while the average answer value of the question group B.1 is 3.46.

the time-to-achievement model, the survey reveals that practitioners support the theoretical considerations regarding the time-to-achievement model.

4.2.2.8 Employees versus Volunteers

The survey cannot confirm the character of the tensions between employees and volunteers as no questions were asked regarding the duties, responsibility, position, and power of the respective groups (see paragraph 2.2.5.3). However, the survey can confirm the potential for such tensions. The analysis (see appendix XXIII) shows that the level of volunteer engagement for the domestic as well as for the operation abroad has the potential of tensions between volunteers and employees. For the domestic operations the majority is paid staff and 41.0% are volunteers. For the operation abroad, volunteers and paid staff on average contribute almost the same percentage of time (69.2% versus 73.5%). Therefore, the survey confirms indications for potential tensions between employees and volunteers as suggested by the theoretical considerations.

4.2.2.9 Customer Orientation

The theoretical concept of customer orientation is relatively broad (see paragraph 2.2.5.4). The design of the questionnaire does not allow assessing the full range of the customer orientation concepts, but it does allow a certain analysis regarding the power that development aid NGOs are able to exert onto beneficiaries. A first indication is the level of beneficiary involvement that NGOs reckon to be necessary⁴⁶⁷. Second, the relationship between NGOs and beneficiaries requires special care⁴⁶⁸. And finally, there seems to be significant efforts of NGOs to ensure that beneficiaries are prepared and educated well enough before the project is handed over to them⁴⁶⁹. In total, the survey supports the

⁴⁶⁷ The high importance of beneficiary involvement is supported by the answers to the following questions: “engage beneficiaries in the projects” (4.25 and third highest average answer value in question group B.1, “project approaches”), “beneficiaries are engaged in planning and implementation” (4.08 and third highest average answer value in question group B.3, “Measure at Project Initialization level”), “define project objectives and purpose collaboratively with beneficiaries” (4.22, highest average answer value in question group C.2, “project success factors”), and “satisfaction of beneficiaries” (4.19, highest average answer value of question group C.3, “Measure at Project Result level”). Also question group C.5, “Learn at Project Result level”, holds three questions with high average answer values that include beneficiaries: “collect systematic feedback from project team, partners and beneficiaries” (3.91, having the highest average answer value), “clarify duties of project team, partners and beneficiaries” (3.67, having the 3rd highest average answer value), and “clarify expectations of project team, partners and beneficiaries” (3.56).

⁴⁶⁸ 50% of the NGOs conduct annual or bi-annual surveys with beneficiaries regarding benefits, only 11% of the NGOs do not conduct surveys with beneficiaries (question group C.1).

⁴⁶⁹ The following three questions from question group B.2, “project characteristics”, with a total average answer value of 3.35, describe the effort of NGOs for handing over projects: “beneficiaries are being prepared for the later operation of the project (education/training, contractual coverage, financing, etc.)” (3.78), “projects are aligned with other activities of beneficiaries (e.g. with other projects of government or organizations)” (3.69), and “after its termination, the project is handed over to the beneficiaries for operation and daily running” (3.69).

foundation of the customer orientation and therewith gives strong evidence for the theoretical considerations regarding the necessary customer orientation.

4.2.2.10 Project Result Grades

While the theory looks at achievement of project results hierarchically with five sequential grades from input to impact (see paragraph 2.3.2), the design of the questionnaire only distinguishes between short-term and long-term results. Therefore, the survey is by design not able to address the question regarding the detailed result grades. However, the survey shows that NGOs see significant differences between short-term and long-term results (see paragraph 4.2.2.7) and it therewith does confirm the general idea of project results being hierarchical and sequential.

4.2.2.11 Particularities and Risks of Development Aid Projects

As the questionnaire asks for the behavior of NGOs, the survey results are not able to discuss particularities and risks of development aid projects (see paragraph 2.3.3) from a practitioner's point of view. However, some behaviors of NGOs indicate a certain importance of particularities and risks, e.g. control of financial resources is of high importance (see paragraph 4.2.1.1.1), or NGOs want to increase measurement of team satisfaction (see paragraph 4.2.1.3.1). However, the survey does not answer the question if the NGOs give importance to respective aspects in order to address particularities and risks of development aid projects or if they do so for any other reasons. Therefore, the survey is not able to make any statement regarding particularities and risks of development aid projects from a practitioner's point of view.

4.2.2.12 Project Success Factors

In summary, the findings of the survey confirm the success factors concluded by Kuster et al. (see paragraph 2.3.4). While Kuster et al. conclude a general project success factor, the survey asks for success factors of development aid projects specifically (see appendix XXIII). Nevertheless, the resulting success factors can be linked to the success factors mentioned by Kuster et al. (see table 17).

Assigning each of the top 8 project success factors from the survey to one of the project success factors concluded by Kuster et al. leaves their success factors 'project evaluation', 'information, communication and documentation', and 'conflict and resistance' blank. This difference in success factors is rooted in the simple one-to-one comparison of the top 8

success factors chosen in table 17. The ninth project success factor from the survey, ‘Learning from earlier phases being implemented in subsequent phases’, corresponds to Kuster et al.’s factor ‘information, communication and documentation’. Furthermore, success factors from the survey may be contained in more than one of Kuster’s success factor⁴⁷⁰, the survey’s factor ‘learning from earlier phases being implemented in subsequent phases’ for instance is not only contained in the success factor ‘information, communication and documentation’, but also in ‘project evaluation’, which precedes learning. In a similar way, the survey’s factor ‘project team and collaboration within team’ is not only contained in ‘team aspects’ but also in ‘conflict and resistance’, which it helps to avoid. Therefore, the survey confirms the project success factors suggested by Kuster et al.

Project Success Factors according to Kuster et al.	Top 10 Project Success Factors according to the Survey (including Rank)
Project Initialization	<ul style="list-style-type: none"> ▪ Define project objectives and purposes collaboratively with beneficiaries (1) ▪ Detailed understanding of situation and sufficient problem analysis (3)
Project Organization	<ul style="list-style-type: none"> ▪ Project design (mix of activities, services, beneficiaries, etc.) (4) ▪ Engage adequate local subject matter experts (8)
Project Planning	<ul style="list-style-type: none"> ▪ Detailed project planning (6)
Project Evaluation	
Information, Communication and Documentation	
Leadership and collaboration	<ul style="list-style-type: none"> ▪ Adequate project management (4) ▪ Engage adequate local team leaders or foremen (7)
Team Aspects	<ul style="list-style-type: none"> ▪ Project team and collaboration within team (2)
Conflict and Resistance	

Table 17: Comparing Project Success Factors by Kuster et al. and Survey (own Illustration)

⁴⁷⁰ The survey and Kuster et al. use different approaches regarding project success factors. Examples include the survey’s success factor ‘engage adequate local team leaders or foremen’ that may be understood as leadership and collaboration approach, as well as an approach to manage conflict and resistance. In a similar way, ‘learning from earlier phases being implemented in subsequent phases’ relates to information, communication and documentation, and it also requires prior project evaluation in order to reveal expected results.

4.2.2.13 Development Aid Projects are People Projects

The survey confirms Lock's understanding regarding the importance of people in the triangle of project steering (see appendix XV). According to the survey, the top two success factors (see paragraph 4.2.2.12) are related to human factors ('define project objectives and purpose collaboratively with beneficiaries' and 'project team and collaboration within team'). Therefore, development aid projects are largely people projects (see paragraph 2.3.5), success is significantly related to human aspects, and the contribution of organizational, financial, and technological aspects to success is less significant (however, this does not make them less important, they may rather be seen as pre-requirements). Further evidence that development aid projects are people projects is offered by the three factors that require most individual improvements (see paragraph 4.2.1.3.1⁴⁷¹).

4.2.2.14 Operational vs. strategic Performance Measurement

The questionnaire does not ask for the specific performance measurement approaches used by the NGOs and whether they use it for operational or for strategic purposes (see paragraph 2.4.1). So the practitioners' view on performance approaches can only be assessed indirectly by analyzing the answers regarding questions related to performance and measurement. In summary, the NGOs spend significant effort on data collection, reporting and learning, but they avoid complex performance management systems (i.e. they seldom apply performance measurement systems, instead they tend to rely on monthly or quarterly financial information, quarterly or bi-annual status reports, and bi-annual or annual ratios, see paragraph 4.2.1.1.4). The reporting that NGOs apply, as well as communication of organizational results, is relatively homogeneous (see paragraph 4.2.1.1.1 and 4.2.1.1.2 respectively) which indicates that only operational performance measurement (which can be applied in similar ways to all NGOs, see paragraph 2.4.1) applies. Looking further at the results of the four question groups that relate to the sustainability task Measure (B.3, C.3, D.1 and E.1, see table 11), Measure at Organization and Fundraising level (D.1 and E.1) is 100% negatively skewed and a majority of deviations are within the 0.0 to 0.5 range, i.e. they show minor variability. Also Measure at Initialization Level (B.3) and at Project Result level (C.3) is 100% negatively skewed, however its deviation is slightly broader, but still shows minor variability. Combining all of the above arguments regarding applicable reporting and measurement, NGOs tend to use simple and generic, i.e. homogeneous, performance approaches. These approaches are presumably the approaches that Tiebel also found in his analysis and what he says is operational performance measurement. Therewith,

⁴⁷¹ These three factors are: 'providing assessment of project opportunities and risks to proposal requester', 'measure the satisfaction of project team members', and 'stakeholders understanding the specific challenges and external conditions of your organization's development aid projects'.

the survey indirectly supports the differentiation between operational and strategic performance measurement, and it also suggests that the majority of current performance undertakings are operational in nature.

4.2.2.15 Considerations regarding the Design of the Questionnaire

Based on the pre-test of the questionnaire, the questions within the question groups were rearranged so that most NGOs are expected to answer the top questions relatively high (with ‘mostly’ or ‘always’) and the lower questions relatively lower (with ‘seldom’ or ‘never’, see paragraph 4.1.1). The survey analysis reveals that a single NGO tends to have high rankings for some questions and at the same time low rankings for other questions of the same question group (see paragraph 4.2.1.1.2) and therewith one aspect of the questionnaire design, the variance in answer level for different questions of each question group, is confirmed (for most question groups, the average answer values range from 4.20 to 2.50, except for the task Learn at Fundraising level with the maximum remaining below 4.20). However, the expected structure of answers for the questions within most question groups (the first questions which are expected to be answered relatively high and the subsequent questions which are expected to be answered relatively low) was not met. Instead, there is no pattern regarding the questions that were answered high or low and their frequency. Therefore, the expectations regarding answer levels per question did not fully materialize.

After having discussed all key managerial aspects of the theoretical considerations and the design of the questionnaire, the following paragraph summarizes the findings from the survey results regarding managerial aspects of development aid NGOs and therewith addresses the third research question.

4.2.3 Summary of Survey Results regarding managerial Aspects of Development Aid NGOs

Based on the discussion of key managerial aspects drawn from the theoretical considerations in regard to the survey results in the paragraphs above, the following paragraphs now summarize the respective findings and therewith answer the third research question: “Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner’s point of view?”.

Given the design of the questionnaire (see paragraph 4.1.1), the questionnaire asks for most managerial aspects indirectly only. Nevertheless, also the managerial aspects can be addressed by using proxies of different questions. The only managerial aspect that cannot be

analyzed is the question regarding particularities and risks of development aid projects. For all other key managerial aspects, questions or proxies offer sufficient evidence to confirm the respective theoretical considerations from the practitioner's view (see details of paragraph 4.2.2). While the managerial aspects are generally confirmed, most aspects require some bridging between the theoretical consideration and the survey results, e.g. for project success factors only allowing a broad interpretation of the survey factors 'learning from earlier phases being implemented in subsequent phases' and 'project team and collaboration within team' allow to fully map the survey results with the theoretical considerations. In summary, further research might assess the managerial aspects more directly and finally confirm the importance and application of the respective managerial aspects for and by development aid NGOs.

After confirming the third research question, the next section focuses on the fourth research question and applies additional statistical approaches to compare the results regarding the Sustainability Measurement Framework with different clustering of answering NGOs.

4.3 Survey Results regarding Sustainability Dimensions of Development Aid NGOs (fourth Research Question)

The previous section discussed the survey results regarding managerial aspects of development aid NGOs and confirmed the third research question⁴⁷², the following paragraphs now look at the survey results regarding the sustainability dimensions of development aid NGOs and therewith address the fourth research questions⁴⁷³. In order to answer this research question, the statistical analysis not only look at the Sustainability Measurement Framework, but also apply different clustering approaches to test if clustering using different approaches reveals superior answers than the Sustainability Measurement Framework, i.e. if clustering answers the questions regarding sustainability, project approaches, project control, and project success factors more homogeneously than the Sustainability Measurement Framework does⁴⁷⁴.

The first paragraphs discuss the survey results regarding linear regression and different cluster analyses which jointly address the fourth research question. The subsequent

⁴⁷² The third research question is: "Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner's point of view?" (see paragraph 1.2).

⁴⁷³ The fourth research question is: "Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?" (see paragraph 1.2).

⁴⁷⁴ If e.g. big NGOs answer sustainability-related questions homogeneously, a small-sized NGO may just learn from these NGOs to increase its own sustainability results instead of applying a complex framework such as the Sustainability Measurement Framework.

paragraphs then summarize the survey findings regarding the Sustainability Measurement Framework.

4.3.1 Analysis

To address the fourth research question, the following statistical approaches apply (for further theoretical background on these approaches, see paragraphs 4.1.3.8 to 4.1.3.11):

- Linear regressions
- K-means cluster analysis
- Dendrogram analysis
- Biplot analysis

While linear regressions are the main approach to answering the third research question, the cluster analyses test if clustering approaches reveal homogeneous results regarding sustainability. If clustering leads to homogeneous groups along different sets of criteria, applying best practices of the cluster that fit the own development aid NGO best ensures good results, including sustainability. However, if the linear regression confirms the Sustainability Measurement Framework to support sustainability, and clustering results remain heterogeneous, development aid NGOs that apply the Sustainability Measurement Framework are likely to outperform peers regarding planning, evaluating, and increasing the impact of projects and the sustainability of the development aid NGO.

The following paragraphs discuss the different statistical approaches used for these analyses of applicability of the Sustainability Measurement Framework. The first is the linear regression analysis which aims to find dependent and independent answers in the questionnaire. Independent answers are statistically significant, they represent aspects that development aid NGOs may focus on for positive results.

4.3.1.1 Linear Regression Analysis

Linear regressions analyses serve the following two objectives: first, they allow answering whether or not applying the Sustainability Measurement Framework increases sustainability. Second, they shall reveal further insight regarding patterns and similarities among development aid NGOs. As no previous literature is available regarding theoretical foundations to regress NGO sustainability data, some of the approaches used to discover respective patterns have exploratory character. The following paragraphs discuss the preliminary considerations and the results and conclusions of the linear regressions.

4.3.1.1.1 Preliminary Considerations

In the first regressions (see paragraph 4.3.1.1.2), all answers for Sustainability Measurement Framework related questions (148 questions) are regressed to the answers for the different sustainability indicators of question group B.2 (22 questions)⁴⁷⁵. The regressions that are statistically significant and relevant describe the sustainability-related answers that are correlated with answers regarding Sustainability Measurement Framework elements, including the extent to which they correlate. The linear regression analysis therefore assesses, if and to what extent the Sustainability Measurement Framework is able to influence the sustainability of a development aid NGO and its projects. The regressions look at answers of the ‘actual section’ of the questionnaire only (i.e. not at the answers of the ‘should section’ of the questionnaire).

While the first regressions are based on the theoretical considerations regarding the question how to increase the sustainability of development aid NGOs, further regressions are of exploratory character (see paragraph 4.3.1.1.3). Building on one of the strengths of the R software application by programming a customized script that regresses each answer of the questionnaire to each other answer of the questionnaire (i.e. in the first run, each answer is the independent variable for all other answers, and in the second run, each answer is the dependent variable for all other answers) allows to formulate, calculate, and analyze answer patterns⁴⁷⁶. Using the answers to the ‘actual’, ‘should’ as well as ‘improvement section’, this exploratory approach results in 923,440 regression formulas. The resulting statistically significant and relevant regressions (i.e. independent variables that independently regress a dependent variables significantly and relevantly) are then analyzed by question group, i.e. the number of independent variables of a question group that significantly and relevantly regress dependent variables of another question group (i.e. regressions within the same question group are omitted). Where multiple independent variables for one single dependent variable exist, they are combined into a multivariate linear regression⁴⁷⁷ and again analyzed regarding statistical significance and relevance.

For all regressions, statistical significance and relevance is reached if at least the following levels of statistical measures are met simultaneously⁴⁷⁸:

⁴⁷⁵ Using 22 by 148 indicators in a linear regression model with a single independent variable, and with each indicator being independent as well as a dependent variable, leads to 6,512 regression formulas to be calculated.

⁴⁷⁶ Question groups A.3, “countries of project activities”, and A.5, “countries of fundraising activities”, are excluded from this regression.

⁴⁷⁷ Multivariate linear regression models consider more than one independent variable to calculate a dependent variable (Anderson D. et al. 2008, p. 626).

⁴⁷⁸ For definitions of the respective statistical measures and rationale of the chosen values and levels please refer to Anderson D. et al. 2008, pp. 545ff.

- significance level (above 95%, i.e. the probability that the regression result is refused, and the null hypothesis must be assumed to be less than 5%),
- t-value (bigger than 2, i.e. strong evidence that the independent variable has an influence on the dependent variable, i.e. use 0 instead of the independent variable does not lead to better results),
- p value (less than 5%, probability to fall below the defined t-value, i.e. 2)
- r-square (above 70%, i.e. 70% of the observed values of the dependent variable can be explained with the regression).

The following paragraphs discuss the results of all regressions described above.

4.3.1.1.2 Analysis of Sustainability Measurement Framework and Sustainability Indicators

The first regressions compare Sustainability Measurement Framework related answers with answers regarding sustainability. Table 18 presents the respective results: the columns show the elements of the Sustainability Measurement Framework including the number of questions of each element (e.g. the Sustainability Measurement Framework element ‘measure project proposal’, represented by the question group B.3, consists of 11 questions). Each row represents one sustainability question (all of them being part of question group B.2) and the rows are grouped into the three dimensions of sustainability (environmental, social, and economic sustainability). The cells show the number of independent variables of the respective column (Sustainability Measurement Framework element) that significantly and relevantly regress the question in the respective row (sustainability question).

Looking at the top left cell in table 18 (column B.3, row 5, with a value of 4), the cell reveals that out of the 11 questions of question group B.3 (indicator for the Sustainability Measurement Framework element “measurement at project proposal level”), the answers to four questions significantly and relevantly regress the answer to question number five of question group B.2 (i.e. question B.2-5 “Beneficiaries are being prepared for the later operation of the project”). The column to the very right and the second last row show the total per sustainability indicator (i.e. how many questions do significantly and relevantly regress the respective sustainability indicator) and the total per Sustainability Measurement Framework element respectively (i.e. how many of the questions of the Sustainability Measurement Framework element regress any of the sustainability indicator). The last row, showing the weighted total, divides the total by the total number of questions within the Sustainability Measurement Framework element. As the Sustainability Framework elements

contain different numbers of questions, only the weighted total results are comparable across all Sustainability Measurement Framework elements.

Sustainability Pillar	Question Number of Question Group B.2	Measure Project Initialization (B.3): 11	Communicate Project Initialization (B.4): 9	Learn Project Initialization (B.5): 7	Measure Project Result (C.3): 14	Communicate Project Result (C.4): 16	Learn Project Result (C.5): 16	Measure Organization (D.1): 27	Communicate Organization (D.2): 7	Learn Organization (D.3): 10	Measure Fundraising (E.1): 15	Communicate Fundraising (E.2): 8	Learn Fundraising (E.3): 9	Total
Economic	5	4	2	-	-	7	13	16	1	1	5	3	4	56
	6	2	3	-	6	15	15	17	4	2	6	6	7	83
	7	-	-	-	-	-	-	-	1	-	-	-	-	1
	8	-	-	-	-	-	-	-	-	-	1	-	-	1
	9	4	-	-	-	7	15	21	-	-	5	3	7	62
	10	-	-	-	-	-	-	-	1	-	-	-	-	1
	11	4	-	-	-	7	15	21	-	-	6	5	7	65
Environmental	12	-	-	-	-	-	-	-	1	-	-	-	-	1
	13	-	-	-	-	-	-	-	1	2	-	-	-	3
	14	1	-	-	6	14	5	-	4	3	1	1	-	35
	15	1	1	-	6	13	3	-	4	2	2	-	-	32
	16	-	-	-	-	-	-	-	1	-	-	-	-	1
	17	1	-	2	-	1	5	2	1	-	1	-	-	13
	18	6	2	-	5	10	13	11	2	-	1	3	-	53
	19	-	-	3	-	-	1	-	1	-	-	-	-	5
	20	-	-	-	6	6	1	-	3	1	6	-	3	26
Social	21	-	-	-	-	-	-	-	1	-	3	-	1	5
	22	2	-	-	7	11	8	-	4	2	3	1	-	38
	23	-	-	-	-	-	-	-	1	1	-	-	-	2
	24	-	-	-	-	-	-	-	1	1	-	-	-	2
	25	7	1	-	6	7	1	-	3	1	-	-	-	26
	26	8	1	-	6	8	1	-	2	2	1	1	-	30
Total		40	10	5	48	106	96	88	37	18	41	23	29	
<i>Weighted</i>		<i>3.6</i>	<i>1.1</i>	<i>0.7</i>	<i>3.4</i>	<i>6.6</i>	<i>6.0</i>	<i>3.3</i>	<i>5.3</i>	<i>1.8</i>	<i>2.7</i>	<i>2.9</i>	<i>3.6</i>	

Table 18: Significant and relevant Linear Regressions for Sustainability Measurement Framework and Sustainability Questions (own Illustration)

Table 18 further shows that each element of the Sustainability Measurement Framework has a significant and relevant influence on at least one of the sustainability indicators. The

quality of the relations between Sustainability Measurement Framework elements and sustainability indicators can be described as a combination of the following three dimensions:

- 1) The number of questions of a Sustainability Measurement Framework element that influences sustainability indicators (i.e. to what extent the Sustainability Measurement Framework element influences the sustainability indicators). Example: 15 out of the 16 questions of question group C.5 (Learn at Project Result level), significantly and relevantly influence question 11 of question group B.2 (“projects are aligned with other activities of beneficiaries”).
- 2) The number of sustainability indicators that are influenced by one Sustainability Measurement Framework element (i.e. how broadly the Sustainability Measurement Framework element influences sustainability). Example: at least one of the seven questions of question group D.2 (“Communicate at Organizational level”) significantly and relevantly influences 19 out of the 22 sustainability indicators .
- 3) And the number of Sustainability Measurement Framework elements that influence one sustainability indicator (i.e. how broadly one sustainability indicator is influenced by the Sustainability Measurement Framework model). Example: question 6 of question group B.2 (“neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success”) is influenced by all Sustainability Measurement Framework elements except B.5 (“Learn at Project Initialization level”)⁴⁷⁹.

In summary, the Sustainability Measurement Framework seems to significantly and relevantly influence the sustainability of NGOs, despite not all Sustainability Measurement Framework elements having a similar positive influence onto the sustainability of NGOs (and vice-versa the sustainability indicators are not influenced the same way by Sustainability Measurement Framework elements). Communication at organizational level has the broadest relation to sustainability (it is related to 19 out of 22 sustainability indicators). However, the quality of the relation seems mediocre (on average 3 out of 7

⁴⁷⁹ Additional examples include:

- Question B.2-5 (“beneficiaries are being prepared for the later operation of the project”) is influenced by all Sustainability Measurement Framework elements except B.5 and C.3 (B.5: “Learn at Project Initialization level”; C.3: “Measure at Project Result level”),
- Question B.2-18 (“projects strive for and support water-neutrality”) by all except B.5, D.3 and E.3 (D.3: “Learn at Organization level”; E.3: “Learn at Fundraising level”),
- Question B.2-26 (“projects ensure that the children’s capacity for learning is increased”) by all except B.5, D.1 and E.3 (D.1: “Measure at Organizational level”),
- Question B.2-15 (“projects support preservation of biodiversity”) by all except B.5, D.3 E.2 and E.3 (E.2: “Communicate at Fundraising level”), and
- Question B.2-22 (“projects integrate marginalized groups of the community”) by all but B.4, B.5, D.1 and E.3 (B.4: “Communicate at Project Initialization level”).

questions regarding communication at organizational level relate to the sustainability indicators). Also considerably related are measurement (at all levels) and learning at project result as well as at organizational level.

The sustainability indicators that relate the most to Sustainability Measurement Framework elements (based on how many of the 12 Sustainability Measurement Framework elements influence sustainability, i.e. show respective linear regressions in table 18) are the following question numbers, grouped by the three dimensions of sustainability:

- Most influential indicators for **economic** sustainability:
 - 6 “Neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success” (relates to 11 out of 12 Sustainability Measurement Framework elements)
 - 5 “Beneficiaries are being prepared for the later operation of the project” (relates to 10 out of 12 Sustainability Measurement Framework elements)
- Most influential indicators for **environmental** sustainability:
 - 18 “Projects strive for and support water-neutrality” (relates to 9 out of 12 Sustainability Measurement Framework elements)
 - 14 “Projects protect natural resources from exploitation” (relates to 8 out of 12 Sustainability Measurement Framework elements)
 - 15 “Projects support preservation of biodiversity” (relates to 8 out of 12 Sustainability Measurement Framework elements)
- Most influential indicators for **social** sustainability:
 - 26 “Projects ensure that the children's capacity for learning is increased” (relates to 9 out of 12 Sustainability Measurement Framework elements)
 - 22 “Projects integrate marginalized groups of the community” (relates to 8 out of 12 Sustainability Measurement Framework elements)

Overall, the regression analysis supports the theoretical foundation of the Sustainability Measurement Framework: applying the tasks Measure, Communicate, and Learn systematically at the levels Project Initialization, Project Result, Organization, and Fundraising contributes increased sustainability indicators for development aid NGOs.

After having assessed the Sustainability Measurement Framework in regard to sustainability, the following paragraphs turn to cross-dependencies of answers to different questions, i.e. the more exploratory linear regressions.

4.3.1.1.3 Analysis of Cross-Dependencies of Answers

After the previous paragraphs discussed regression analysis based on the theoretical foundation of the Sustainability Measurement Framework and assessed the Sustainability Measurement Framework in regard to sustainability, the following paragraphs discuss the second, more exploratory approach to derive new insights regarding significant regressions, i.e. cross-dependencies of answers to different questions. All significant and relevant⁴⁸⁰ linear regression results (except the ones for B.2 which were already analyzed in table 18) are grouped by question group and analyzed regarding the reciprocal influence (the influences on the question groups themselves are omitted, see table 19).

Table 19 shows the results of grouping the linear regressions by question group (except for the question groups that are not applicable or that have already been analyzed). The columns show the independent variable and the rows show the dependent variable (i.e. the row value is a function of the column value, statistical formula: $y = f(x)$). The italic numbers below the column titles and to the right of the row titles are the numbers of questions of the question group. The individual cells indicate the numbers of significantly and relevantly regressed questions, including the average of r-squares (i.e. out of the 14 questions of question group C.3, 2 describe questions of A.6 significantly and relevantly, at an average r-square level of 74%). The cells that regress the same question group are left blank and marked in dark gray (forming a diagonal line). The cells with the highest number of significant and relevant regressions is colored dark blue, the cells with the second and third highest number are colored blue and light blue respectively.

Looking at the results, several cells seem to be mirrored by the diagonal, dark gray cells (i.e. the statistical formulas $B.1 = f(B.3)$ and $B.3 = f(B.1)$ seem to lead to the same summary result). Analyzing each of these two pairs regarding their mirroring reveals that each cell contains a different set of 22 significant and relevant regressions, i.e. the same number of regressions is significant and relevant, but the regressions are not inverse⁴⁸¹. Nevertheless, out of the 34 cells containing significant and relevant regressions, 28 (82%) seem to be mirrored, which indicates a strong tendency that the question groups (but not the individual questions) tend to be under a bi-directional influence (if B.1 influences B.3, it is probable that B.3 also influences B.1).

⁴⁸⁰ See paragraph 4.3.1.1.1 for the respective details regarding significance and relevance.

⁴⁸¹ Not being inverse means that if $E.1-1 = f(E.2-1)$, this does not mean that $E.2-1 = f(E.1-1)$.

x	A.6	B.1	B.3	C.2	C.3	C.4	C.5	D.1	D.2	D.3	E.1	E.2	E.3
y	9	23	11	17	14	16	16	27	7	10	15	8	8
A.6	9				2 74%				2 72%			1 72%	
B.1	23		1 70%										
B.3	11		1 70%				1 89%						
C.2	17				14 76%			71 79%					
C.3	14	2 74%		14 76%		16 75%			11 76%	4 73%			
C.4	16				16 75%		31 78%		12 76%	4 72%		7 76%	
C.5	16		1 89%			31 78%						14 76%	
D.1	27			71 79%									
D.2	7	1 74%			10 77%	11 76%				3 74%			
D.3	10				4 73%	4 72%			3 74%				
E.1	15												22 80%
E.2	8	1 72%				7 76%	14 76%						
E.3	8										22 80%		

**Table 19: Significant and relevant Linear Regressions among all Answers
(own Illustration)**

Table 19 further shows that while question groups A.3 and A.5⁴⁸² have been excluded from the exploratory regression analysis, the question groups A.1, A.2, A.4, B.4, B.5 and C.1⁴⁸³ do not provide significant and relevant independent variables at a r-square level of above 70% (i.e. the respective answers are not able to describe any other answers, because the respective answers in the survey are not significantly and relevantly correlated to any other

⁴⁸² Question groups A.3 and A.5 are “countries that the NGO is active in with projects” and “countries that the NGO is active in with fundraising”.

⁴⁸³ Question groups A.1, A.2, A.4, B.4, B.5 and C.1 are “NGO’s annual budget”, “number of employees and volunteers”, “NGO’s primary activities and engagements”, “Communicate at Project Initialization level”, “Learn at Project Initialization level”, and “project control”.

answer). This mirrors the previous findings that basic organizational grouping finds only little similarities among the NGOs, and if some tendencies are found, they serve a relatively limited number of explanations only. The two most influencing question groups are project result measurement (C.3) and project result communication (C.4), each of them influencing 5 other question groups. At the same time, they are also the most influenced ones.

Finally, there seems to be a clustering of relevant question groups along the following three dimensions: firstly, relatively many significant and relevant question groups are located near the diagonal line (out of 34 significant and relevant question groups, 12 (35%) are located next to the diagonal line). This indicates that neighboring question groups tend to influence one another more often than distant question groups. Secondly, looking at the blue colored cells⁴⁸⁴, two out of the six relatively strong influential question groups are related to learning (C.5 Learn at Project Result level, and E.3 Learn at Fundraising level). Therefore, the above finding that learning is not predominantly undertaken (see conclusions drawn in paragraphs 4.2.1.1.1, 4.2.1.1.3 and 4.2.1.4.2), should not be interpreted as learning being of minor importance. Thirdly, while the project and organization related question groups (C.2 to C.5 and D.1 to D.3) represent 19% of the potentially influencing relations between question groups, 11 (i.e. 32%) of them show significant and relevant regression. Therefore, the answers to the project and organization level questions can be seen as a good indicator for the overall answer level of an NGO regarding sustainability.

To further test the relations found and discussed in table 19, the independent variables of individually significant and relevant linear regressions are combined into multivariate linear regressions (respective definitions see paragraph 4.1.3.11). These regressions have again been tested for significance and relevance, resulting in the regressions listed in table 20. Table 20 lists the question groups with significant and relevant multivariate linear regressions. The first column shows the number of the question group, followed by the total number of questions within this question group (in the second column), the number of questions that were significantly and relevantly regressed by at least one other question (called relevant questions, resulting from the single linear regression as discussed in table 19), and finally the result of the multivariate linear regression (with the statistical function, the adjusted r-square, and in the last column a number that references to the text description of the respective formula in table 21)⁴⁸⁵.

⁴⁸⁴ The blue colored cells indicate that “project success factors” (C.2) and “Measure at Organization level” (D.1) seem to influence one another, and so do “Communicate at Project Result level” and “Learn at Project Result level”, as well as “Measure at Fundraising level” and “Learn at Fundraising level”.

⁴⁸⁵ For question groups A.6, B.1, B.2, B.3 and E.2, no significant and relevant multivariate regressions were found (therefore they are listed in table 19, but not in table 20).

Question Group	Total Questions	Questions	Significant and relevant Multivariate Linear Regressions		
			Formula	Adjusted r-square	Nr
C.2	17	15	C.2-5 = f(C.3-4, C.3-5, C.3-6)	91.0%	1
			C.2-7 = f(D.1-2, D.1-14)	92.8%	2
			C.2-9 = f(D.1-2, D.1-13)	89.8%	3
			C.2-12 = f(D.1-2, D.1-13)	87.4%	4
			C.2-13 = f(D.1-4, D.1-5, D.1-15, D.1-20, D.1-21, D.1-27)	93.6%	5
			C.2-14 = f(D.1-1, D.1-2, D.1-13)	94.5%	6
			C.2-15 = f(D.1-15, D.1-21)	73.4%	7
			C.2-16 = f(D.1-2, D.1-22, D.1-23)	91.9%	8
C.3	14	12	C.3-2 = f(C.2-2, C.2-5)	84.8%	9
			C.3-3 = f(C.2-2, C.2-5)	81.3%	10
			C.3-10 = f(C.4-1, D.2-7)	82.9%	11
			C.3-11 = f(A.6-8, C.4-1)	84.2%	12
			C.3-12 = f(C.4-1, D.3-5)	79.0%	13
			C.3-13 = f(A.6-8, D.2-4)	85.0%	14
C.4	16	14	C.4-1 = f(C.3-12, D.2-4)	84.4%	15
			C.4-5 = f(C.5-3, E.2-1)	92.7%	16
			C.4-6 = f(C.5-14, E.2-1)	84.3%	17
			C.4-7 = f(C.3-11, D.2-4)	76.4%	18
			C.4-14 = f(C.5-14, E.2-1)	83.9%	19
			C.4-16 = f(C.3-14, D.2-7)	81.7%	20
C.5	16	9	C.5-2 = f(C.4-2, C.4-5, C.4-6, E.2-4)	90.4%	21
			C.5-3 = f(C.4-2, C.4-5, C.4-6)	91.1%	22
D.1	27	20	D.1-2 = f(C.2-8, C.2-10, C.2-11, C.2-12, C.2-16)	95.2%	23
			D.1-5 = f(C.2-6, C.2-13)	91.6%	24
D.2	7	3	D.2-4 = f(C.3-13, C.4-1)	85.5%	25
D.3	10	2	D.3-5 = f(C.3-12, C.4-1)	80.1%	26
E.1	15	6	E.1-1 = f(E.3-3, E.3-6)	89.2%	27
			E.1-2 = f(E.3-3, E.3-6)	89.6%	28
			E.1-4 = f(E.3-3, E.3-5)	86.4%	29
E.3	8	8	E.3-5 = f(E.1-4, E.1-7)	85.6%	30
			E.3-6 = f(D.1-1, E.1-9)	90.0%	31

Table 20: Significant and relevant multivariate Regressions (own Illustration)

Table 20 allows the following interpretation (e.g. for the first row): question group C.2 ‘project success factors’ contains 15 question (out of 17 questions in total) whose answers were significantly regressed by at least one answer of another question of the questionnaire (using single linear regressions). And these 15 questions have been further analyzed with multivariate linear regressions. Out of these 15 questions, 8 have significant and relevant multivariate linear regressions (see detailed lines). Column four explains that for question number 5 (C.2-5, a question regarding project mix) a significant and relevant multivariate linear regression exists. This regression combines questions 4, 5, and 6 of question group C.3 (statistical formula: $C.2-5 = f(C.3-4, C.3-5, C.3-6)$), and results in an adjusted r-square of 91% as listed in column five (i.e. 91% of the observations of C.2-5 are described by the multivariate linear regression consisting of C.3-4, C.3-5, and C.3-6). The last column contains a reference number for table 21, where the respective row provides the text description of the regression (e.g. the success factor “project mix” relates to measuring compliance with internal standards, measuring compliance with external standards, and measuring deviations from original project plan).

Analyzing table 20 reveals that for question groups related to the Project Initialization level (B.1 to B.5), no significant and relevant multivariate linear regressions exist, i.e. there is no combination of questions (respectively answers to questions) that jointly describe questions regarding Project Initialization. This finding indicates that different NGOs apply different approaches regarding Project Initialization.

Table 20 further reveals that question groups related to Project Result level (C.2 to C.5) are relatively often significantly and relevantly described by multivariate linear regressions, i.e. combinations of answers to other questions often describe answers to project result questions relatively well. For project success factors (C.2), questions from the question group D.1 (measurement at organizational level) are predominantly represented in the multivariate linear regressions, and question D.1-2 (financial accounting information) is represented in 5 out of the 8 significant and relevant multivariate linear regressions of question group C.2. Therefore, organizational level measurement approaches, especially the extent of using financial accounting information, is a good indicator regarding the extent of using project success factors. While for question groups C.3 (Measure at Project Result level) as well as for question group C.4 (Communicate at Project Result level) a relatively large number of questions are significantly and relevantly described by multivariate linear regressions, the respective describing questions are more mixed than for question group C.2 (project success factors, see above). Only two questions of question group C.5 (Learn at Project Result level) are significantly and relevantly described by multivariate linear

regressions. However, these regressions predominantly use questions from C.4 (Communicate at Project Result level) leading to the conclusion that learning at Project Result level is strongly related to communication at Project Result level.

All three organizational level question groups (D.1 to D.3) have questions that are significantly and relevantly described by multivariate linear regressions. However, each question group only holds one or two such questions, i.e. organizational level aspects are weakly described by other questions. For question group D.1 (measurement at organizational level), the two significantly and relevantly described questions are predominantly described by questions from the question group C.2 (project success factors). Therefore, questions from C.2 describe questions from D.1 and vice-versa (as concluded above). However, looking at the detailed questions, the questions of question group C.2 that influence questions of question group D.1 are different from the questions of D.1 that influence C.2. Nevertheless, measurement at organizational level influences project success and vice-versa project success influences measurement at organizational level.

Finally, question groups E.1 (fundraising measurement) and E.3 (learning from fundraising) contains questions that are significantly and relevantly described by multivariate linear regressions of questions from other question groups. Similarly to the findings for C.2 and D.1 (see above), E.1 and E.3 influence and describe themselves, and at least one of the questions of E.3 that are significantly and relevantly described by multivariate linear regressions, influence the questions of E.1. In addition, all three significantly and relevantly described questions of E.1 are influenced by E.3-3 (“requirements of donors are incorporated in project reporting and assessment”). Therefore, fundraising measurement is strongly related to donor’s reporting requirements. For the significantly and relevantly described questions of question group E.3, the describing questions of E.1 are others than the significantly and relevantly described questions of E.1.

In summary, the single and multivariate linear regressions support the general structure of the Sustainability Measurement Framework, as well as its ability to increase sustainability and that neighboring elements of the Sustainability Measurement Framework influence one another positively.

Question Details of Significant Multivariate Regressions	
Nr	Text explaining the multivariate formula: which question relates to which other questions
1	Success factor project mix relates to measure compliance with internal standards, measure compliance with external standards and measure deviations from original project plan.
2	Success factor project team and collaboration relates to applying financial accounting and analysis of project deviations.
3	Success factor engaging local subject matter experts relates to applying financial accounting and measuring status of projects.
4	Success factor sufficient financial means relates to applying financial accounting and measuring status of projects.
5	Success factor time management relates to measuring administrative costs, personnel costs, qualitative project analysis, organizational analysis, risk analysis, and sustainability measurement.
6	Success factor project controlling relates to applying financial budget and accounting as well as measuring status of projects.
7	Success factor quality management relates to qualitative project analysis and risk analysis.
8	Success factor subsequent implementation of learning relates to applying financial accounting as well as supervise organizational objectives and the relevance of services offered.
9	Measuring complying with scope of projects relates to success factor defining project details with beneficiaries as well as mix of the project.
10	Measuring complying with financial frame relates to success factor defining project details with beneficiaries as well as mix of the project.
11	Measuring indications of changes in lives relates to providing project budget to project team and stakeholder understanding specific situation and challenges of the project.
12	Measuring changes in lives relates to organizations that receive contributions from beneficiaries and providing project budget to project team.
13	Measuring satisfaction of project members depends on providing project budget to project team and improving project mix.
14	Measuring satisfaction of beneficiaries relates to organizations that receive contributions from beneficiaries and providing detailed information to stakeholders upon request.
15	Informing project team about project budget relates to measuring satisfaction of project members and providing detailed information to stakeholders upon request.
16	Informing project team about project status relates to clarifying responsibilities with project stakeholders and approaching donors by donor groups.
17	Informing beneficiaries about project status relates to changing codes of conducts and approaching donors by donor groups.
18	Informing all employees about project status relates to measuring changes in lives and providing detailed information to stakeholders upon request.
19	Informing beneficiaries about final report relates to changing codes of conducts and approaching donors by donor groups.
20	Informing donors about final report relates to satisfaction of donors and stakeholder understanding specific situation and challenges of the project.

Table 21: Significant, relevant multivariate Regressions Text (own Illustration)

Question Details of Significant Multivariate Regressions	
Nr	Text explaining the multivariate formula: what question relates to which other questions
21	Clarifying expectations of stakeholders relates to informing beneficiaries about project budget, project team about project status, beneficiaries about project status, as well as engaging important donors emotionally.
22	Clarifying responsibilities of stakeholders relates to informing beneficiaries about project budget, project team about project status, as well as beneficiaries about project status.
23	Using financial accounting for organization level measurement relates to engaging international subject matter experts, local team leaders, local employees, as well as draw learning from previous phases.
24	Measuring personnel costs relates to the technologies being used and time management as success factors.
25	Providing detailed information to stakeholders upon requests relates to measuring satisfaction of beneficiaries and informing project team about project budget.
26	Adapting project mix as organization level learning relates to measuring satisfaction of project members and informing project team about project budget.
27	Measuring income per fundraising activity relates to requests of donors being considered in project controlling and critical review of fundraising activities.
28	Measuring cost per fundraising activity relates to requests of donors being considered in project controlling and critical review of fundraising activities.
29	Grouping of donors relates to requests of donors being considered in project controlling and critical review of fundraising messages.
30	Critical review of fundraising messages relates to grouping of donors and classifying donor groups.
31	Critical review of future collaboration with donors relates to using financial budget as measurement and having targets regarding development of donors.

Table 21: Significant, relevant multivariate Regressions Text, continued (own Illustration)

After this general confirmation of the Sustainability Measurement Framework, the following paragraphs turn to clustering approaches to test whether similar positive results regarding sustainability can be achieved by clustering of development aid NGOs. If clustering approaches suggest similarly homogeneous results, applying the Sustainability Measurement Framework does not provide a better management option than adopting what peer organizations currently undertake regarding sustainability. If clustering shows less significant results, applying the Sustainability Measurement Framework allows a development aid NGO to outperform its peer organizations.

4.3.1.2 K-means Cluster Analysis

The first clustering approach to test the results from the linear regressions against is the K-means cluster analysis (see paragraph 4.1.3.8). This analysis uses the 15 extended organizational groups and analyzes them regarding the five categories ‘project approaches’, ‘sustainability factors’, ‘project control’, ‘project success factors’, and ‘Sustainability Measurement Framework elements’⁴⁸⁶ (see paragraph 4.1.4). Before turning to the results and the conclusion of the analysis, the following paragraphs discuss preliminary considerations the cluster levels which have to be predefined for the K-means cluster analysis.

4.3.1.2.1 Preliminary Considerations

The K-means cluster analysis requires the pre-defining of the number of clusters that apply. The algorithm then minimizes the overall heterogeneity of these clusters by minimizing the sum of squares of each data observation (see paragraph 4.1.3.8). For each of the five categories, the 15 organizational groups are clustered for the predefined number of clusters and the variability within the resulting clusters is calculated. For predefining the number of applicable cluster, several options shall apply, i.e. the K-means cluster analysis is calculated multiple times, and the number of clusters shall be in relation to the number of organizational groups. The pre-defined clusters shall be 3, 5, and 7. The cluster level 3, 5, and 7 have been chosen because of the expected average number of organizational groups in each cluster: on average five groups are expected at the 3-cluster level, three at the 5-cluster level, and two at the 7-cluster level.

4.3.1.2.2 Results

Figure 13 shows the results of the K-means analyses for five categories (project approaches, sustainability, project control, project success factors, and Sustainability Measurement Framework elements) and the three options chosen regarding the pre-defined number of clusters (3-, 5-, and 7-cluster levels).

Each of the 15 tables in figure 13 shows the result of one K-means analysis, with each table representing one cluster level (with the number of the cluster in the first grey column). The italic numbers are the sum of squares (indication of the overall heterogeneity within the cluster, i.e. the strength of clustering, being 0.0 for clusters with only one organizational

⁴⁸⁶ ‘Project approaches’ broadly relate to question group B.1, ‘sustainability factors’ relate to question group B.2 and D.1, ‘project control’ relates to question group C.1, ‘project success factors’ relate to question group C.2, and ‘Sustainability Measurement Framework elements’ relate to the average values of all question groups.

group) and the letters indicate the organizational groups that fall into this cluster (see paragraph 4.2.1.4.3). E.g. for the 3-cluster level analysis regarding project approaches (upper left table), the second cluster contains only one group of NGOs (B, being big NGOs), while the third cluster contains four NGOs (C, E, N, and O⁴⁸⁷), and the first cluster contains the remaining 10 NGOs. The overall heterogeneity of the clustering approach is 1,112.6 (668.9 + 443.7). This table indicates that a big NGO may relate to project approaches of other big NGOs, as they are distinctively different than the project approaches of all other NGOs. Similarly, an NGO that wants to attract more funding from government (want to become a N NGO) may learn from NGOs with broad scope of project countries to find applicable project approaches (E NGO) to understand how to run the projects in order to match the N-peers. However, this comparison only reveals average results (at the 3-cluster level, on average five NGOs are expected to be in one cluster, and four are effectively in this cluster). Moreover, adopting E approaches only allows the NGO to become average, i.e. use project approaches that other NGOs already use, instead of becoming distinctively better than the peer NGOs.

Looking at all clusters for all categories and at all levels in figure 13, only one combination of NGOs seems to cluster frequently: small-sized NGOs, NGOs with narrow scope of project countries, and NGOs with narrow scope of fundraising countries (D, G, and J). Other combinations that sometimes pair are NGOs with broad scope of project countries and NGOs with government support (E and N), NGOs with broad scope of fundraising countries and NGOs working by the order of governments (H and O) as well as NGOs supporting infrastructure and NGOs financing running costs (L and M).

	3-cluster level	5-cluster level	7-cluster level
Project Approaches	1 668.9 A D F G H I J K L M	1 164.3 H I K L	1 114.1 A F G J
	2 0.0 B	2 84.1 E N	2 28.2 C O
	3 443.7 C E N O	3 264.7 A D F G J M	3 84.1 E N
		4 28.2 C O	4 45.1 D M
		5 0.0 B	5 75.4 H I L
			6 0.0 K
			7 0.0 B

Figure 13: Summary K-Means Cluster Analyses of organizational Groups for 5 Categories at 3-, 5-, and 7-cluster levels (own Illustration)

⁴⁸⁷ NGOs C, E, N and O are: medium-sized NGOs, NGOs with broad scope of project countries, NGOs that receive significant funding from government, and NGOs that work by the order of the government.

	3-cluster level	5-cluster level	7-cluster level																														
Sustainability	<table border="1"> <tr><td>1</td><td>15.4ADG J</td></tr> <tr><td>2</td><td>48.4CFHNO</td></tr> <tr><td>3</td><td>58.9BE I KLM</td></tr> </table>	1	15.4ADG J	2	48.4CFHNO	3	58.9BE I KLM	<table border="1"> <tr><td>1</td><td>11.4B H I N</td></tr> <tr><td>2</td><td>15.4A D G J</td></tr> <tr><td>3</td><td>7.7C F O</td></tr> <tr><td>4</td><td>28.6K L</td></tr> <tr><td>5</td><td>3.8E M</td></tr> </table>	1	11.4B H I N	2	15.4A D G J	3	7.7C F O	4	28.6K L	5	3.8E M	<table border="1"> <tr><td>1</td><td>4.2 A J</td></tr> <tr><td>2</td><td>6.2 C F</td></tr> <tr><td>3</td><td>3.8 E M</td></tr> <tr><td>4</td><td>2.3 D G</td></tr> <tr><td>5</td><td>0.8 B I</td></tr> <tr><td>6</td><td>7.7 K L</td></tr> <tr><td>7</td><td>11.6 H N O</td></tr> </table>	1	4.2 A J	2	6.2 C F	3	3.8 E M	4	2.3 D G	5	0.8 B I	6	7.7 K L	7	11.6 H N O
1	15.4ADG J																																
2	48.4CFHNO																																
3	58.9BE I KLM																																
1	11.4B H I N																																
2	15.4A D G J																																
3	7.7C F O																																
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Figure 13: Summary K-Means Cluster Analyses of organizational Groups for 5 Categories at 3-, 5-, and 7-cluster levels, continued (own Illustration)

While the pairs E and N, H and O, as well as L and M share certain significance, this does not apply to every category. E.g. looking at the sustainability category, E and N are never in the same cluster (neither in 3-, nor in the 5-, or 7-cluster level analysis), and for sustainability, E seems to be more related to M (M being NGOs financing running costs). Another overall finding is that K (K being NGOs with external project managers) seems relatively often to be the only NGO in a cluster, indicating that the respective NGOs share relatively little similarities with other NGOs.

As the clusters in the project approaches category show relatively high sums of squares⁴⁸⁸, one can conclude that the organizational groups are relatively heterogeneous regarding the project approaches that they undertake and that they follow. Big NGOs (group B) seem to be still more different than other NGOs as they already form a cluster with a single organizational group at the 3-cluster level⁴⁸⁹ (and project approaches is the only category containing a cluster with only one NGO at the 3-cluster level). Strong pairs are formed by medium-sized NGOs and NGOs working by the order of governments (C and O), small NGOs and NGOs financing running costs (D and M), as well as NGOs with broad scope of fundraising countries, NGOs with medium scope of fundraising countries and NGOs supporting infrastructure (H, I and L).

The sustainability category seems to be the most homogeneous category with the least variability. The sums of squares at all clustering levels are relatively low (i.e. none of the clusters at the 3-cluster level as well as at the 5-cluster level has a sum of squares of above 100, whereas all other categories have at least one such cluster at the 3-cluster level as well as at the 5-cluster level). Furthermore, sustainability is also the only category having only one sum of squares at the 7-cluster level being above 10 as well as no cluster contains a single entity only at any level. However, this homogeneous result indicates that the NGOs tended to answer the questions similarly, it does not allow for any statement regarding the quantity or quality of the respective sustainability approaches though. Given this homogeneity of the category as a whole, 6 out of 7 clusters at the 7-cluster level contain two organizational groups and respective pairing is also found at the 5- and 3-cluster level.

For project control, big NGOs and NGOs with broad scope of project countries (B and E) seem to pair with a relatively low sum of squares (15.3 at the 3-cluster level). NGOs with medium scope of project countries and NGOs working under government orders (F and O)

⁴⁸⁸ Even at the 7-cluster level, the variability within the clusters is relatively high, for the first cluster the variability indicator is even above 100.

⁴⁸⁹ At the 3-cluster level, one may expect relatively many organizational groups in one cluster (given that the analysis looks at 15 organizational groups, one may expect on average 5 organizational groups in one cluster).

pair well at the 7-cluster level (with a relatively low sum of squares), even they are in a less significant cluster at the 5-cluster level. While NGOs with medium scope of fundraising countries and NGOs with governmental funding (I and N) are clustered with all NGOs (A) at the 7-cluster level, they cluster with NGOs with broad scope of fundraising countries (H) at the 5-cluster level, i.e. they themselves seem to relate well, but given the structure of the other clusters, different other organizational groups are similar (and therefore, it significantly depends on the pre-defined number of clusters with which other NGOs they pair). In addition, the overall strong correlation of D, G, and J also includes C (C being medium-sized NGOs) and A (all NGOs) at the 5-cluster level, again an indicator that regarding project control, different groups are not distinctly different.

Regarding project success, the results are mixed. On the one side, it is the only category having two clusters with a single entity at the 5-cluster level (other categories do not have more than one single entity cluster) and three single entity clusters at the 7-cluster level (other categories do not have more than two single entity cluster). On the other side, the sums of squares for each level are average. This may indicate that NGOs with external project managers (K), besides NGOs supporting infrastructure (L) and NGOs financing running costs (M), all other NGOs reckon similar project success factors to be important.

The clusters of the Sustainability Measurement Framework category show the most variability at all three clustering levels. Given the significant number of data that is analyzed within the Sustainability Measurement Framework, high variability is more likely than in categories with fewer data⁴⁹⁰. Nevertheless, compared to the other categories analyzed above, significantly fewer organizational groups pair regarding the Sustainability Measurement Framework related answers (only L and M pair, and the pair G and J is significant having a sum of squares of below 100 at the 5-, as well as 7-cluster levels).

4.3.1.2.3 Conclusions

In summary, the K-means cluster analysis does not reveal any clustering, i.e. combinations of groups of NGOs, that show homogeneity across all five categories. The strong clusters at individual category level do not even show similar homogeneity for a second category. Therefore, clustering using the K-means cluster analysis does not allow a NGO to find peer NGOs that use similar approaches for a majority of managerial aspects. Consequently, the Sustainability Measurement Framework seems to be more advisable for development aid NGOs than adopting peer's approaches with the peers using K-means clustering.

⁴⁹⁰ The more aspects are part of the analysis, the more likely NGOs answers vary regarding some aspects.

After analyzing the organizational groups by minimizing overall heterogeneity for a given number of clusters for organizational groups (as calculated by the K-means analysis), the following paragraphs look at dendrograms, which are graphical representations of two dimensional hierarchical clustering approaches (i.e. an approach leading to n-1 clusters and minimizing the overall heterogeneity).

4.3.1.3 Dendrogram Analysis

In addition to the K-means cluster analysis discussed in paragraph 4.3.1.2, the following paragraphs use dendrograms (see paragraph 4.1.3.9) to further analyze the five categories ‘project approaches’, ‘sustainability factors’, ‘project control’, ‘project success factors’, and ‘Sustainability Measurement Framework elements’⁴⁹¹ (see paragraph 4.1.4). These five categories are analyzed for each of the 15 organizational groups (see paragraph 4.2.1.4), i.e. the analysis uses the same structure as the K-means cluster analysis. Before discussing the results and drawing conclusions, the paragraphs below discuss preliminary considerations.

4.3.1.3.1 Preliminary Considerations

Similar to the K-means cluster analyses, the dendrograms build on the five categories project approaches, sustainability, project control, project success factors, and Sustainability Measurement Framework elements (see paragraph 4.1.4). While the K-means analysis provides clustering for the organizational groups A to O for each category without any further analysis or clustering of the indicators within the respective category, dendrograms provide a two dimensional clustering: hierarchical clustering of the organizational groups (to the top of the graph, triangle style dendrogram) and hierarchical clustering of the indicators of the respective category (to the right, rectangle style dendrogram). Besides rendering two dendrograms, the R software application that was used for the calculations (see paragraph 4.1.6) also renders a levelplot (also called heatmap) that compares the two dendrograms. This levelplot uses a color range from violet to turquoise, with violet representing low values, i.e. few similarities and weak relation between the respective organizational clusters and the categorical clusters, and turquoise representing high values, i.e. many similarities and strong relation between the respective elements of the two dimensions. The scale left of the graph indicates the numeric range between violet and turquoise. The graphical representations of the dendrograms for all five combinations of categories and organizational groups are provided in appendix XXIV.

⁴⁹¹ ‘Project approaches’ broadly relates to question group B.1, ‘sustainability’ factors relates to question group B.2 and D.1, ‘project control’ relates to question group C.1, ‘project success factors’ relates to question group C.2, and ‘Sustainability Measurement Framework elements’ relates to the average values of all question groups.

4.3.1.3.2 Results

The following paragraphs discuss the results of the five dendrograms, i.e. for all combinations of categories and organizational groups. The graphical representations for all five dendrograms are provided in appendix XXIV.

The analysis of project approaches and organizational groups (see figure 23) shows that organizational group K and M⁴⁹² are relatively weakly related to other groups. Similarly, adjustment of projects to donor requirements (project approach 5) is weakly related to all other project approaches⁴⁹³. This weak relation also holds true for all organizational groups except for M (indicated by dark violet color in the levelplot). In contrast, organizations O, N, E and H⁴⁹⁴ are relatively strongly related to project approaches 4, 1 and 6⁴⁹⁵, indicated by the dark turquoise color.

The analysis of sustainability and organizational groups (see figure 24) suggests that the clustering of the organizational groups is relatively hierarchical, except for organization organizations working by the order of government (O). The analysis also suggests that the cluster consisting of K, L, D, G, A and J⁴⁹⁶ is distinctively different from the cluster consisting of groups C, F, H, N, B, I, E and M⁴⁹⁷, which is also mirrored by the relatively opposite coloring of the levelplot for these two clusters. Looking at the indicators of sustainability, “economic sustainability, and “integrated sustainability” (indicator 1 and 2) form a homogeneous cluster, and so do “impact assessment” and “sustainability measurement” (indicator 3 and 4). In the levelplot, there seems to be no strongly related area (there are no dark turquoise colored boxes), but there are two weakly related areas: the organization groups O, C, and F relate weakly to “integrated sustainability” (indicator 2) and K, L, D, G, A, and J relate weakly to “impact assessment” and “sustainability measurement” (indicator 3 and 4). However, the scale of this relation is stronger than in the levelplot of figure 23 (scale ranging from 2.5 to 4.5 and from 1.5 to 4.5 respectively, i.e. their relation is only somewhat weak).

⁴⁹² Organizational groups K and M: organizations with external project managers and financing running costs.

⁴⁹³ This is indicated by the significant step for joining project approach number 5 with the remaining project approaches in the right dendrogram.

⁴⁹⁴ Organizational groups O, N, E and H: organizations working by government order, receive funding from governments, have a broad scope of project countries and have a broad scope of fundraising countries.

⁴⁹⁵ Project approaches 4, 1, and 6: learning, local orientation and dependency on external factors.

⁴⁹⁶ Organizational groups K, L, D, G, A, and J: organization financing infrastructure, financing running costs, small-sized organizations, organizations with narrow scope of project countries, average of all organizations and organizations with narrow scope of fundraising countries.

⁴⁹⁷ Organizational groups C, F, H, N, B, I, E, and M: medium-sized, with medium project scope, broad fundraising scope, receiving significant funding from government, big, medium fundraising scope, broad project scope, and organizations that significantly engage external project managers.

Looking at project control and organizational groups (see figure 25), the cluster hierarchy of organizational groups is even more symmetric than in the previous dendrograms. Regarding project control, the indicators 4, 8, and 9⁴⁹⁸ as well as 3 and 10⁴⁹⁹ form distinct clusters and they cluster with the other project control indicators at a relatively high level only. This clustering, as well as the symmetrical organizational cluster hierarchy, is also visible in the levelplot: while organizational groups K, L, and M⁵⁰⁰ relate weakly to project control indicators 4, 8, and 9 (indicated by dark violet color), organizational groups H, B, E, O, I, and N⁵⁰¹ relate strongly to project control indicators 3 and 10 (indicated by the dark turquoise color).

The analysis for project success factors and organizational groups (see figure 26) again suggests that organizational groups M and K, and to a lower extent also N,⁵⁰² cluster relatively weakly, while the remaining organizational groups cluster symmetrically. The indicators for project success factors cluster symmetrically, except for 8 and 17⁵⁰³, and to a lower extent also 6, 11, 13, and 15⁵⁰⁴. These two clusters are weakly related to the organizational groups L, D, G, and J⁵⁰⁵. Finally, organizational groups K, E, H, and O⁵⁰⁶ seem relatively strongly related to all project success factors except 8 and 17.

Looking finally at the analysis regarding the Sustainability Measurement Framework and organizational groups (see figure 27), the organizational groups cluster less symmetrically than for project control. The organizational groups D, G, and J⁵⁰⁷ are significantly different from the remaining groups. The Sustainability Measurement Framework dendrogram on the right side of the figure shows a symmetrical hierarchy, except for Sustainability Measurement Framework indicators 3, 6, 9 and 12⁵⁰⁸. In the levelplot, these indicators (all

⁴⁹⁸ Project control indicators 4, 8, and 9: performance measurement system, estimation of required capacity for project completion and survey project manager regarding project activities.

⁴⁹⁹ Project control indicators 3 and 10: ratios and survey beneficiaries regarding benefits.

⁵⁰⁰ Organizational groups K, L, and M: organizations financing infrastructure, financing of running costs and engage external project managers.

⁵⁰¹ Organizational groups H, B, E, O, I, and N: organizations with broad scope of fundraising countries, big organizations, organizations with broad scope of project countries, working by order of government, organizations with medium scope of fundraising countries, and organizations receiving funds from government.

⁵⁰² Organizational groups M, K, and N: organizations financing running costs, organizations with external project managers, and organizations receiving funding from government.

⁵⁰³ Project success factors 8 and 17: engaging adequate international subject matters experts, and good governmental conditions in development countries.

⁵⁰⁴ Project success factors 6, 11, 13, and 15: deployed technology, engage adequate local daily laborers, time management, and quality management.

⁵⁰⁵ Organizational groups L, D, G, and J: organizations financing running costs, small-sized organizations, as well as organizations with narrow scope of project, and fundraising countries.

⁵⁰⁶ Organizational group K, E, H, and O: organizations financing infrastructure, with broad scope of project as well as fundraising countries, and organizations working by order of government.

⁵⁰⁷ Organizational D, G, and J: small-sized and with narrow scope of project as well as fundraising countries.

⁵⁰⁸ Sustainability Measurement Framework indicators 3, 6, 9, and 12: Learn at Project Initialization, Project Result, Organization level, and Fundraising.

being indicators for learning tasks) relate relatively weakly to all organizational groups (mostly in violet), with the organizational group D, G, and J relating especially weakly. A second area of weak relation are Sustainability Measurement Framework indicators 7, 10, and 11⁵⁰⁹ for D, G, and J, and a little less weak also indicator 2⁵¹⁰ for organization K⁵¹¹. While there is no obviously strongly related area (except maybe Sustainability Measurement Framework indicators 1, 4, and 8⁵¹² for organizational groups L, M, H, O, and N⁵¹³), about 50% of the relations are turquoise, i.e. rather strongly related than weakly related.

After having discussed the results for the five dendrogram analyses, the following paragraph discusses the results and draws conclusions for development aid NGOs.

4.3.1.3.3 Conclusions

In summary, the organizational groups do not show significant similarities across all five categories using two-dimensional dendrograms. However, there seems to be two clusters of NGOs that show a tendency of applying somewhat homogeneous approaches. The first cluster consists of big NGOs, NGOs with broad scope of project countries, and NGOs with broad scope of fundraising countries. The second cluster contains small NGOs, NGOs with narrow scope of project countries, and NGOs with narrow scope of fundraising countries, sometimes including NGOs supporting running costs and NGOs supporting infrastructure costs. Regarding the details of the five categories, it seems that learning is currently weakly anchored in any NGO. While this finding is most obviously supported by the analysis of the Sustainability Measurement Framework category, the analyses of the other categories also point in the same direction, e.g. by concluding that time and quality control is relatively weak, and so is learning from previous milestones for forthcoming project activities.

Similar to the overall finding from the K-means cluster analysis, the dendrogram analysis does not reveal any strong clustering, i.e. combinations of groups of NGOs, that show strong homogeneity across all five categories. Therefore, clustering using the dendrogram analysis does not allow a NGO to find peer NGOs that use similar approaches for a majority of managerial aspects, somewhat an exception are big NGOs, NGOs with broad scope of project countries, and NGOs with broad scope of fundraising countries, as well as small

⁵⁰⁹ Sustainability Measurement Framework indicators 7, 10, and 11: Measure at Organization and Fundraising level, and Communicate at Fundraising level.

⁵¹⁰ Sustainability Measurement Framework indicator 2: Communicate at Project Initialization level.

⁵¹¹ Organizational group K: organizations with external project managers.

⁵¹² Sustainability Measurement Framework indicators 1, 4, and 8: Measure at Project Initialization and Project Result level, as well as Communicate at Organizational level.

⁵¹³ Organizational groups L, M, H, O, and N: organizations financing infrastructure as well as running costs, with broad scope of fundraising countries, with order by government, and with support from the government.

NGOs, NGOs with narrow scope of project countries, and NGOs with narrow scope of fundraising countries, sometimes including NGOs supporting running costs and NGOs supporting infrastructure costs. Despite the existing correlation for these groups, the Sustainability Measurement Framework seems to be more advisable for development aid NGOs than adopting peer's approaches with the peers using dendrogram clustering, as the correlations are rather weak.

The following paragraphs turn to biplots, which allow a more detailed analysis of the organizational groups regarding the different indicators of each category.

4.3.1.4 Biplot analysis

Biplots are multivariate analyses of samples (observations) and variables (measures) of a data matrix regarding two or three dimensions. In order to represent the samples and variables as points in a given two- or three-dimensional space, some dimension reduction techniques have to be applied. As such techniques, the principal component analysis⁵¹⁴ with predictive axes⁵¹⁵ are applied (see paragraph 4.1.3.10). Biplots are calculated and presented for each of the five categories (project approaches, sustainability, project control, project success factors, and the Sustainability Measurement Framework elements, see paragraph 4.1.4) for all 15 organizational groups (see paragraph 4.2.1.4), i.e. the analysis uses the same structure as the dendrograms and K-means cluster analyses. In biplot terminology, the organizational groups are the 'points' of the biplot and the category indicators are the 'axes' of the biplot. Each analysis results in the following four graphical representations (these graphical representations of biplots are presented in appendix XXV):

- Two-dimensional biplot
- Axis predictivities (result of principal component analysis for category indicators)
- Point predictivities (result of principal component analysis for organizational groups)
- Three-dimensional biplot⁵¹⁶

Before discussing the results and drawing conclusions, the paragraphs below discuss preliminary considerations.

⁵¹⁴ The principal component analysis is mathematically defined as an orthogonal linear transformation that converts a set of observations of possibly correlated variables into a set of values of uncorrelated variables called principal components (the number of principal components is less or equal to the number of original variables). Therefore, the analysis transforms the data to a new coordinate system so that the greatest variance by any projection of the data is located in the first coordinate (i.e. the principal component), and so on (Jolliffe I. 2009, pp. 11 f).

⁵¹⁵ 'Predictive' relates to the positioning and calibrating of the axes: the orthogonal projection of a point onto the axis to predict the best possible graphical representation of the sample value on the corresponding variable. In contrast, interpolative axes add a new point (i.e. a new sample) to an existing configuration at the most appropriate position graphically possible (La Grange A. et al. 2009, p. 2).

⁵¹⁶ The R application allows rotating the three-dimensional biplot in any direction. The perspective of display for each biplot is chosen to display the details of the result discussion in the best possible way.

4.3.1.4.1 Preliminary Considerations

The two dimensions of the biplot represent the first and second principal component (i.e. the variable that has the largest and second-largest possible variation). Three-dimensional biplots also include the third principal component. The first principal component representing the horizontal dimension, the second the vertical dimension (in three-dimensional biplots, the dimensions are numbered from one to three). If the variables of an axis (i.e. the answers of all NGOs regarding one indicator of the respective category) are represented well in the first principal component, their graphical representation is a horizontal line. Similarly an axis well represented in the second principal component leads to a vertical line as graphical representation. Points (i.e. the organizational groups) tend to group around the horizontal line as the first principal component maps the variables to them⁵¹⁷. The point predictivities graphic discloses the result of the principal component analysis regarding the points⁵¹⁸. The axis predictivities graphic discloses the principal components of the category's indicators, which influences how closely the graphical points are drawn to a horizontal line in the two- and three-dimensional biplot graph⁵¹⁹.

The axes are always calibrated to fit the entire distance of the plot (therefore each axis uses an individual scale which is also shown in the biplots). Therefore, each biplot not only rates the organizational groups (i.e. points) to one another, it also allows mapping each organizational group (i.e. points) to the original variable values of the indicators of the respective category (i.e. axis). The right angle line from the axes to a point shows the orthogonal projections used in the respective principal component analysis, which allows to understand the position of the respective point as distance to all axes, i.e. how 'well' the point scores regarding all axes⁵²⁰. The graphical representations of the biplots for all five combinations of categories and organizational groups are provided in appendix XXV.

4.3.1.4.2 Results

The following paragraphs discuss the results of the five biplots, i.e. for all combinations of categories and organizational groups. The graphical representations for all five biplots are provided in appendix XXV. For project approaches and organizational groups (see figure 28), all organizational groups (points) align relatively close to axis 6 and relatively distant to

⁵¹⁷ La Grange A. et al. 2009, p. 8

⁵¹⁸ I.e. the point predictivities graphic indicates how well the individual points are represented in the various biplot dimensions: the more to the right the better the point is represented in the first biplot dimension, the more to the top the better the point is represented in the second biplot dimension (La Grange A. et al. 2009, p. 10).

⁵¹⁹ La Grange A. et al. 2009, p. 8

⁵²⁰ La Grange A. et al. 2009, p. 8

axis 5⁵²¹. While this finding is similar to the finding of the dendrogram analysis (indicator 5 and 6 cluster weakly and 5 being weakly related to the organizational groups), the three-dimensional graph suggests a broader distribution for the points (i.e. the relatively close alignment to axis 6 is partly a result of the principal component analysis and the respective simplification). The axis predictivities suggest that only a few project approach indicators are part of the principal component, i.e. the variability between the project approaches is rather significant. Again, organizational groups K and M⁵²² are relative outliers. While the indicators 2 and 4⁵²³ seem to be similar in the two-dimensional graph, the third dimension suggests less correlation regarding the third principal component. In contrast, indicator 1 and 3⁵²⁴ are very different for two dimensions, but they are relatively narrow regarding the third dimension.

While the axis and point predictivities for the project approach biplot shows broad variance, the axis and points predictivities for sustainability and organizational groups are more closely related (see figure 29), in a way that most of the predictivities are positioned in the upper and even upper right area of the graph⁵²⁵. For two- as well as for the three-dimensions, the organizational groups are dispersed broadly around the plot, with O and F⁵²⁶ (in the three-dimensional graph) being outliers, given their distance to all axes. The fact that organizations working by government order (O) rank low on sustainability indicates that governments incorporate less sustainability elements into their assignments than the sustainability elements that NGO executives and/or donors other than governments incorporate into their projects. While indicators 1 and 2⁵²⁷ are closely related in the two- as well as three-dimensional graph, indicators 3 and 4⁵²⁸ show significant variability regarding the third dimension, but they still differ significantly from axis 1 and 2 (indicators 3 and 4 lay at an almost right-angled position to the indicators 1 and 2).

The biplot for project control and organizational groups (see figure 30) separates the project control indicators 1, 2, 6, and 7⁵²⁹ from all other indicators, with both groups showing a relatively homogeneous setting (vertical and horizontal orientation respectively). This separation is less significant in the tree-dimensional graph. The organizational groups align

⁵²¹ Project approach indicators (axis) 5 and 6: adjustments to donor requests and dependency on external factors.

⁵²² Organizational groups K and M: financing of infrastructure and engaging external project managers.

⁵²³ Project approach indicators 2 and 4: short term orientation and learning.

⁵²⁴ Project approach indicators 1 and 3: local orientation and long-term orientation.

⁵²⁵ A position in the upper right of the predictivities graph indicates that the observations are well described by one dimension, and rather well by the second dimension, i.e. they are represented by the principal component.

⁵²⁶ Organizational groups O and F: working by government order and medium scope of project countries.

⁵²⁷ Sustainability indicator 1 and 2: economic sustainability and integrated sustainability.

⁵²⁸ Sustainability indicator 3 and 4: impact assessment and sustainability measurement.

⁵²⁹ Project control indicators 1, 2, 6, and 7: status reports, financial information (including comparison of actual with plan and respective deviations), degree of achievement and open points including challenges.

in a horizontal orientation in the two-dimensional graph, i.e. they have similar values regarding indicators 1, 2, 6, and 7 but they have diverse values regarding the remaining indicators. In the point predictivities, the organizational groups are placed rather diversely with the groups A, C, F, and O (and D to a smaller extent)⁵³⁰ are related to the indicators 1, 2, 6, and 7 (see also two-dimensional graph: A, C, F, and O lay vertical). Group A (representing all organizations) is placed in the middle of the axis, i.e. the average of all organizations has the best representation regarding all dimensions of project control. The two-dimensional graph suggests that the indicators 4 and 10⁵³¹ are similar, which the three-dimensional graph does not support (axis 4 is very short, which indicates that unlike axis 10, it lies in the direction of the chosen perspective of displaying the three-dimensional biplot).

Given the relatively high number of project success factor indicators (17 indicators in total), the axis for project success factors and organizational groups in the biplot (see figure 31) points into many different directions. While most axes are between a somewhat east to west and south-east to north-west direction, the project success factor indicators 8 and 17⁵³² are significantly different and follow a north-north-east to south-south-west orientation. This exceptional orientation for indicators 8 and 17 is also supported by the three-dimensional biplot. Again, organizational groups K and M (as well as F to a lesser extent)⁵³³ are outliers. While the point predictivities place most organizational groups in the upper right corner, B, C, I, and N⁵³⁴ are in the lower part of the graph, but still on the diagonal line (i.e. similar representation by both dimensions), F and K, including M, are outliers. The organizational group I (organizations with medium scope of fundraising countries) is placed in the center of all axes, i.e. it has the lowest overall distance to all axes and therefore uses the most balanced combination of project success factors. The axis predictivities places all axes in the upper triangle of the two diagonal lines, but the principal component in the upper right only represents a minority of the project success factor indicators.

Finally, the biplot for Sustainability Measurement Framework elements and organizational groups (see figure 32) generally shows an even distribution of axes over the biplot area (for the two- as well as the three-dimensional biplot). However, the indicators 2 and 5, 8, and 9,

⁵³⁰ Organizational groups A, C, F, O, and D: all organizations, medium-sized organizations, with medium scope of project countries, working by government order and small-sized organizations.

⁵³¹ Project control indicators 4 and 10: performance measurement system and surveys with beneficiaries.

⁵³² Project success factor indicators 8 and 17: engage adequate international subject matter experts and good governmental conditions in developing countries.

⁵³³ Organizational groups K, M, and F: organizations that finance infrastructure, that significantly engage external project managers and with medium scope of project countries.

⁵³⁴ Organizational groups B, C, I, and N: big and medium-sized organizations, organizations with medium scope of fundraising countries and that receive significant funding from government.

as well as 10 and 12⁵³⁵, are relatively close to one another. The point predictivities further suggest a significant principal component by placing many organizational groups in the upper right corner. The organizational groups I and F⁵³⁶ are again close together and located near the center of the axis with minimal overall distance. The axis predictivities place all Sustainability Measurement Framework indicators on the diagonal line (i.e. similar representation by both dimensions), except for indicators 1, 2, and 3⁵³⁷. The organizational groups K and M⁵³⁸ are again outliers, which are also supported by the point predictivities.

After having calculated and discussed the results for the five biplot analyses, the following paragraph discusses the results and draws conclusions for development aid NGOs.

4.3.1.4.3 Conclusions

In summary, the five biplots reveal different findings regarding organizational groups as well as regarding the respective category indicators. While findings regarding organizational groups can be compared across all five biplots (because all five biplots use the same organizational groups), findings regarding category indicators must be kept separate (because each of the five biplots uses a different category as second dimension). Looking first at the findings regarding category indicators, the biplots suggest the following most significant correlations of respective category indicators (i.e. sets of indicators that apply often and that often apply to a similar extent within the respective category):

- 1) Project approaches: short-term orientation and learning are highly correlated.
- 2) Sustainability: sustainability measurement and impact assessment are highly correlated.
- 3) Project control: status reports, financial information, information about degree of achievement, and information about open points are highly correlated.
- 4) Project success factors: engage adequate international subject matter experts and good governmental conditions in developing countries are highly correlated
- 5) Sustainability Measurement Framework: Communicate at Project Initialization and Project Result level, Communicate and Learn at Organizational level, as well as Measure and Learn at Fundraising level are highly correlated.

⁵³⁵ Sustainability Measurement Framework indicators 2, 5, 8, 9, 10, and 12: Communicate at Project Initialization and Project Result level, Communicate and Learn at Organizational level, and Measure and Learn at Fundraising level.

⁵³⁶ Organizational groups F and I: organizations with medium scope of project as well as fundraising countries.

⁵³⁷ Sustainability Measurement Framework indicators 1, 2, and 3: Measure, Communicate and Learn at Project Initialization level.

⁵³⁸ Organizational groups K and M: organizations that finance infrastructure and that significantly engage external project managers.

Comparing the organizational groups, NGOs that finance infrastructure, NGOs that significantly engage external project managers, and NGOs with medium scope of project countries (i.e. organizational groups K, M and F) are oftentimes outliers, i.e. they repeatedly show a different behavior regarding the respective indicators than most other NGOs. In contrast, big NGOs, small NGOs, and NGOs with narrow scope of project countries (i.e. organizational groups B, D and G) are oftentimes in the upper right of the point predictivities, i.e. they belong to the principal component group and therefore can be understood to be a good representation of the majority of NGOs. While these groups represent a majority of NGOs, NGOs with a medium scope of fundraising countries tend to represent the average of all indicators for all organizational groups best (i.e. organizational group I is twice in the center of the axis).

While the correlations between category indicators are significant, the five biplot analyses only suggest diverse and outlying clusters, but they fail to describe homogeneous clusters. Therefore, clustering using biplot analysis does not allow a NGO to find peer NGOs that use similar approaches for a majority of managerial aspects. Consequently, the Sustainability Measurement Framework seems to be more advisable for development aid NGOs than adopting peer's approaches with the peers being defined using biplot analysis.

After having discussed linear regressions of Sustainability Measurement Framework elements and comparing three statistical clustering approaches regarding their ability to group NGOs for maximum similarity regarding a majority of managerial aspects, the following paragraphs conclude respective findings regarding sustainability dimensions for development aid NGOs. Therewith, the paragraphs answer the fourth research question: "Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?".

4.3.2 Conclusions regarding Sustainability Dimensions for Development Aid NGOs (fourth Research Question)

In order to answer the fourth research question ("Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?"), the following paragraphs look at all key discussion points of the theoretical considerations regarding sustainability dimensions. Each paragraph looks at one aspect and links questions and their answers from the questionnaire to the aspect in order to assess the view of practitioners, and therewith confirm, question, or refuse the theoretical considerations.

4.3.2.1 Structure of the Sustainability Measurement Framework

The analysis of the survey data confirms the basic structure of the Sustainability Measurement Framework as a matrix of sustainability levels and sustainability tasks (see paragraph 4.3.1.1.2). It further confirms that the selected levels and tasks are related to their neighboring elements, i.e. they influence one another positively (see paragraph 4.3.1.1.2). Moreover, the linear regressions also confirm a correlation of the sustainability levels and sustainability tasks to sustainability approaches as the theoretical considerations suggest (see paragraph 4.3.1.1.2), i.e. NGOs that use the structure of the Sustainability Measurement Framework tend to be more sustainable.

All organizations do engage in all elements of the Sustainability Measurement Framework (see paragraph 4.2.1.1), i.e. the framework fulfills one of its design criteria that it taps into existing undertakings and leverages them to increase the overall sustainability (see paragraph 1.2). Most of the development aid NGOs even spend significant effort for most of the sustainability levels and tasks, i.e. they always or mostly do at least something regarding a majority of sustainability levels and tasks (e.g. 80% of the participating NGOs do always or mostly engage in certain aspects of measurement and communication, 70% in learning, for the element communication at organizational level all participating NGOs do always or mostly do something). However, the total effort is sometimes mediocre, i.e. the NGOs do only few things regarding e.g. communication at organizational level, but they always do these few things (see paragraph 4.2.1.1).

Besides confirming the basic structure of the Sustainability Measurement Framework, the second major learning from the survey suggests that development aid NGOs act rather heterogeneously (concluded by all statistical approaches, see paragraphs 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.1.4, 4.3.1.1, 4.3.1.2, 4.3.1.3, and 4.3.1.4). Out of the 15 tested organizational grouping approaches, none showed high rankings across all of the five tested categories (project approaches, sustainability, project control, project success factors, and Sustainability Measurement Framework elements), i.e. none achieves high professionalism for a majority of managerial tasks. Such diversity is supported by the theoretical considerations, as the challenges that a NGO needs to manage are manifold and diverse. Effectively, the challenges and the respective managerial answers of NGOs depend on the particularities of the individual development aid NGO (e.g. complexities related to employees and volunteers, see paragraph 2.2.5.3, depend on the effective level of volunteers that the NGO engages for domestic operations as well as operations abroad), on the complexities related to the external environment that they operate in (e.g. complexities related to countries and stakeholder, see paragraph 2.2.4, depend on what countries the

NGO effectively operates in, what regulations apply in the respective countries for the services that the NGO offers, and these services and countries also influence which local and international stakeholders become important for the NGO), as well as on the details of the specific projects that the NGO engages in (e.g. engaging international subject matter experts for a quick start of the project or allowing some time to educate local experts to reach the required level of education and knowledge). Therefore, it is expected that NGOs focus on different issues. However, the differences in effort levels regarding sustainability of certain NGOs spans beyond expected differences in focus.

After having discussed and confirmed the overall structure of the Sustainability Measurement Framework, the following paragraphs look at each of the sustainability levels and sustainability tasks individually.

4.3.2.2 Sustainability Level: Project Initialization

While Project Initialization is the sustainability level with the highest average efforts, by all organizations (see paragraphs 4.2.1.1.3) as well as by a majority of organizational groups (by small and medium NGOs as well as NGOs being narrow and medium regarding scope of project and fundraising countries, see paragraphs 4.2.1.2.3 and 4.2.1.4.2), the result of the respective efforts regarding sustainability are questionable. First, the linear regression analysis suggests that the influence of the three sustainability tasks at Project Initialization level on sustainability indicators is the least out of all four sustainability levels⁵³⁹ (see table 18, paragraph 4.3.1.1.2). Second, the Sustainability Measurement Framework elements ‘Communicate at Project Initialization level’ (question group B.4) and ‘Learn at Project Initialization level’ (question group B.5) are not able to describe any other answers of the questionnaire (see paragraph 4.3.1.1.3). Therefore, development aid NGOs tend to spend much effort on Project Initialization, but the efforts are only weakly linked to communication and learning, as well as to sustainability. Adjusting Project Initialization efforts regarding such linkages might significantly influence the development aid NGO’s overall sustainability as well as communication and learning outcomes, without increasing the overall level of efforts.

⁵³⁹ The sustainability level Project Initialization influences on average 5.5 sustainability indicators (weighted total in table 18) sustainability indicators while Project Result level influences 16.1, Organization level 10.3, and Fundraising level 9.2 sustainability indicators.

4.3.2.3 Sustainability Level: Project Result

For big NGOs and NGOs with broad range of project and fundraising countries, the Project Result level is the sustainability level where they spend most effort (paragraph 4.2.1.2.3, for all NGOs it is the Project Initialization level, see paragraph 4.3.2.2). Therewith, they may compromise on impact (because Project Initialization is influencing impact to a bigger extent than Project Result, see footnote 447). However, the efforts at Project Result level do significantly influence sustainability indicators, with Communicate at Project Result level being the Sustainability Measurement Framework element with the most significant overall influence on sustainability indicators, followed by Learn at Project Result level, and Measure at Project Result level being the sixth most influencing element (by weighted total, see table 18, paragraph 4.3.1.1.2). Measure at Project Result level and Communicate at Project Result level are also the two Sustainability Measurement Framework elements that influence other elements of the Sustainability Measurement Framework the most (see paragraph 4.3.1.1.3). In summary, the NGOs that spend much effort on project result measurement, communication and learning have found ways for these efforts to positively influence sustainability as well as other managerial aspects. This might be an area of further research on designing learning approaches and draw best practices for other NGOs.

4.3.2.4 Sustainability Level: Organization

The Organization level is the sustainability level with the second highest average efforts (see paragraphs 4.2.1.1.3), which is predominantly driven by the answers of big NGOs and NGOs with broad scope of project and fundraising countries (to a lower extent also medium NGOs, see paragraph 4.2.1.2.3). However, the three sustainability tasks for Organization level show diverse efforts: while communication at Organizational level shows the second highest efforts of all 12 Sustainability Measurement Framework elements, learning at Organizational level shows the fourth lowest efforts. Regarding importance, i.e. how many NGOs have answered at least one of the questions of the question group with ‘always’ or ‘mostly’, 100% of the NGOs have rated communication at Organizational level as important (being the highest percentage), but only 69.4% of the NGOs rated learning at Organizational level as important (being the second lowest percentage, see paragraph 4.2.1.1.3). While Measure at Organization level shows efforts to be a little below average, and importance a little above average, the linear regressions indicate that the level of Measure at Organization level relates well to the level of project success factors, therefore Organization level measurement, especially the extent of using financial accounting information, is a good proxy for application of project success factors (see paragraph 4.3.1.1.3).

The sustainability level Organization correlates second best to the sustainability indicators (see paragraph 4.3.1.1.2). While communication at Organizational level and learning at Organizational level address all three dimensions of sustainability homogeneously, measurement at Organizational level predominately explains economic sustainability (see table 18). Therewith, the sustainability level Organization shows mixed results: while NGOs make a significant effort, the importance is mixed and the way that sustainability is addressed is not very comprehensive.

4.3.2.5 Sustainability Level: Fundraising

In summary, NGOs spend the least effort for the sustainability level Fundraising, however, big NGOs and NGOs with a broad scope of project and fundraising countries spend most of their effort on fundraising (see paragraph 4.2.1.2.3). According to table 18, all three sustainability tasks of the Fundraising level relate to sustainability indicators at average level, however they predominantly address economic sustainability only (see paragraph 4.3.1.1.2). The comparison of measurement at Fundraising level and learning at Fundraising level reveals a reciprocal influence: learning is correlated to measurement⁵⁴⁰, and measurement is correlated to learning, i.e. the more efforts NGOs spend on measurement of fundraising, the more effort they also spend on learning (see paragraph 4.3.1.1.3). Therefore, the NGOs that spend effort on fundraising balance measurement and learning, and the learning relates back to what is measured.

4.3.2.6 Sustainability Task: Measure

The sustainability task Measure on average enjoys the second most effort, slightly behind communication which enjoys most effort (see paragraph 4.2.1.1.3). While this is mainly driven by small NGOs and NGOs with narrow scope of project and fundraising countries, for medium and big NGOs, as well as NGOs with medium and broad scope of project and fundraising countries, measurement enjoys the most effort. Measurement influences sustainability indicators at average level, however it is the only sustainability task that influences environmental, social, as well as economic sustainability indicators at all sustainability levels relatively homogeneously (see table 18).

⁵⁴⁰ The main questions or learning that correlate to measurement are ‘critical review of fundraising content and messages’, ‘critical review of individual fundraising activities’, and ‘requirements of donors are incorporated in project reporting and assessment’.

4.3.2.7 Sustainability Task: Communicate

The sustainability task Communicate enjoys the most efforts (see paragraph 4.2.1.1.3). While this importance is mainly driven by small NGOs, by NGOs with narrow scope of project and fundraising countries, as well as by NGOs of the extended organizational groups (except for NGOs that support infrastructure, see paragraph 4.2.1.4.2), the remaining NGOs generally see communication as second-most important (see paragraph 4.2.1.2.3). While communication enjoys high importance, the need for improvement shows a mixed picture. Overall, communication is the sustainability task that shows the least requirement for improvement, and Communicate at Project Initialization level showing the least requirement for improvement. However, the single question that does require the highest improvement is to ‘provide assessment of project opportunities and risks to proposal requester’, which falls into Communicate at Project Initialization level (see paragraph 4.2.1.3.1). The contribution of communication to the sustainability indicators ranges from high to low. Regarding the addressed dimensions, communication at the two levels Project Result and Organization level address sustainability indicators of all three sustainability dimensions. Communication at Project Initialization and Fundraising levels primarily addresses economic sustainability (see paragraph 4.3.1.1.2).

4.3.2.8 Sustainability Task: Learn

The sustainability task Learn enjoys the least effort (in total as well as by each of the 15 organizational groups, see paragraphs 4.2.1.1.3 and 4.2.1.2.3). Small and medium NGOs, as well as organizations with narrow and medium scope of project and fundraising countries tend to rank learning even below an average of 3.0 (see paragraphs 4.2.1.2.3 and 4.2.1.4.2). This small effort seems adequate as learning on average has a minor correlation with sustainability indicators only. However, Learn at Project Result level shows the second highest correlation (mainly to the economic dimension of sustainability, see table 18). Learn at Project Result level, together with Learn at Fundraising level, also strongly influences other question groups (especially Communicate at Project Result level and Measure at Fundraising level), i.e. learning is not of minor importance (see paragraph 4.3.1.1.3).

While development aid NGOs overall try to imbed learning in certain of their activities, learning as a dedicated managerial activity seems to enjoy relatively little focus (see paragraph 4.2.1.1.1). However, based on the variability analysis, some development aid NGOs do a lot, most do little, but only a few do nothing at all (see paragraph 4.2.1.1.2). Furthermore, many NGOs do something regarding learning from Project result level, but the respective scope is relatively small (i.e. many do little). For learning at Organization level it

is the exact opposite: relatively much is done, but only relatively few NGOs do engage in learning at Organization level (i.e. few do a lot, see paragraph 4.2.1.1.3).

4.3.2.9 Application of the Sustainability Measurement Framework

All participating NGOs spend some effort on at least some of the questions of each Sustainability Measurement Framework element. Small NGOs and NGOs with narrow scope of project and fundraising countries spend less effort at all levels and for all tasks than big NGOs and NGOs with broad scope of project and fundraising countries (see paragraphs 4.2.1.1.3 and 4.2.1.2.3). While the statement of little effort is true for average values of sustainability levels and tasks, the values of the individual Sustainability Measurement Framework elements might still be high (e.g. NGOs with narrow scope of project countries value communication at initialization level as second highest of all organizational group). Therefore, NGOs that overall invest little effort might do so very selectively, i.e. point their efforts to what seems most critical to them (see paragraph 4.2.1.2.3). This approach of selective priorities for Sustainability Measurement Framework elements is further supported by one NGO which is primarily funded by government and which suggests to overall reduce the measurement, communication and learning efforts (see paragraph 4.2.1.4), presumably motivated by the strict rules and obligations imposed by the specific major donor, e.g. the government (see also appendix XVIII: support by government leads to excessive reporting).

According to the improvement analysis, Sustainability Measurement Framework elements that already enjoy much effort require even more effort (Measure at Project Result level and Measure at Project Initialization level, see paragraph 4.2.1.3). Exceptions are NGOs with broad scope of fundraising countries, which overall tend to spend the most effort on Sustainability Measurement Framework elements. They not only overall see the least need for improvement, they also account for the most negative improvement, i.e. they suggest doing less of the same (see paragraph 4.2.1.3.2).

Finally, all Sustainability Measurement Framework elements positively influence sustainability indicators, and all sustainability indicators are influenced by at least one Sustainability Measurement Framework elements. However, environmental and social sustainability are only influenced at around half the level that economic sustainability is supported by the Sustainability Measurement Framework elements. The survey does not reveal further details regarding whether this imbalance is caused by the way how participating NGOs currently use the Sustainability Measurement Framework elements, or if this imbalance is inherent to the design of the Sustainability Measurement Framework.

After having looked at the results of the survey for all sustainability dimensions, as well as the overall structure of the Sustainability Measurement Framework and its application, separately, the following paragraphs integrate these findings into an answer to the fourth research question⁵⁴¹.

4.3.3 Summary Survey Results regarding Sustainability Dimensions of Development Aid NGOs

The following paragraphs build on the conclusions of the survey analyses (see paragraph 4.3.2) and summarize the respective findings in order to answer the fourth research question (see paragraph 1.2): “Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?”. The answers to the questionnaire indicate a positive answer to the fourth research question, i.e. practitioners agree that all sustainability levels as well as sustainability task are relevant to development aid NGOs. The priorities of the levels and tasks largely depend on the specific NGO, with grouping as well as clustering approaches only revealing weakly related combinations of NGOs, i.e. the respective NGOs share little similarities for all organizational and managerial aspects. All Sustainability Measurement Framework elements, i.e. the 12 combinations of the four sustainability levels and the three sustainability tasks, are positively related to sustainability indicators, and all sustainability indicators are positively influenced by at least one of the Sustainability Measurement Framework elements. And finally, neighboring Sustainability Measurement Framework elements positively influence one another, i.e. the survey suggests that the structure of the framework supports sustainability to a bigger extent than any random combination of sustainability levels and tasks.

While the survey confirms the sustainability dimensions as well as the overall structure of the Sustainability Measurement Framework, the survey results are less strong than the findings regarding managerial aspects of development aid NGOs (see paragraph 4.2.3). Some of the findings also suggest further research (e.g. the sustainability level Project Result, see paragraph 4.3.2.3) to better understand the respective details, dependencies, as well as the differences in application by development aid NGOs. Despite this limitation of the survey findings regarding further understanding of details, the overall survey answers the fourth research question positively and therewith generally confirms the sustainability levels Project Initialization, Project Result, Organization, and Fundraising, the sustainability

⁵⁴¹ The fourth research question is: “Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner’s point of view?” (see paragraph 1.2).

tasks Measure, Communicate, and Learn, as well as the overall structure of the Sustainability Measurement Framework from a practitioner's view.

After having summarized the answers to the third and fourth research question, the next chapters turn to the fifth and last research question: "What considerations may be relevant for the implementation of a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?" (see paragraph 1.2). To answer this question, the next chapter describes an implementation approach for the Sustainability Measurement Framework.

5 Implementation of the Sustainability Measurement Framework for Foundation Green Ethiopia

This chapter describes the implementation of the Sustainable Measurement Framework for a development aid NGO. While 12 development aid NGOs that participated in the survey (see chapter four) offered further support for follow-up interviews on implementation options of the Sustainability Measurement Framework, none of them agreed to publish this interview as part of the thesis⁵⁴². At the same time, interviews are the preferred research approach for assessing implementation options for the Sustainability Measurement Framework as they allow understanding the specific situation of the development aid NGOs, their implementation approaches, and their challenges. Such discussions of the specific situation of implementing development aid NGOs allow other development aid NGOs to assess similarities and differences regarding their own situation and adopt successful implementation approaches for their own situation. Given the hesitation of development aid NGOs to publish their interviews, I decided to use Foundation Green Ethiopia, a Swiss development aid NGO that I volunteer for, as implementation example and interview Beat Beutler, a board member of Foundation Green Ethiopia, regarding his opinion regarding the implementation of the Sustainability Measurement Framework. Foundation Green Ethiopia adopted key elements of the Sustainability Measurement Framework during the course of writing this thesis (this implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia is discussed in an interview with Kurt Pfister, president of Foundation Green Ethiopia). After introducing Foundation Green Ethiopia, the subsequent section two discusses the sustainability considerations of Foundation Green Ethiopia. Section three discussed the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia, with the respective paragraphs describing the approaches and tools (based on the interview with Kurt Pfister), as well as assessment and considerations (based on the interview with Beat Beutler) for each sustainability task at each sustainability level. Section four discusses considerations for the implementation of the Sustainability Measurement Framework based on a comparison with other performance management models and the experiences of Foundation Green Ethiopia. The final section summarizes the current state of the Sustainability Measurement Framework implementation at Foundation Green Ethiopia and it concludes key suggestions for other development aid NGOs which plan to implement the Sustainability Measurement Framework themselves.

⁵⁴² These NGOs did not agree to publish the interview, not even anonymously, partly because they feel that given their size, services, and approaches it would be obvious which NGO it was, and they would thus run the risk of information becoming public that is not yet meant to become public.

5.1 Foundation Green Ethiopia

Foundation Green Ethiopia is a Swiss development aid NGO engaging primarily in afforestation projects in Ethiopia. It is a small organization that supports projects primarily run by beneficiaries with strong involvement of the benefitting community. The projects are understood as incubation projects for the beneficiaries to improve the agricultural situation and to promote further self-development. The close collaboration with the benefitting farmers requires to first agree on a set of rules with them, the most important ones being protecting the area against animal interference, defining fines in case someone acts contrary to the rules, and defining additional income generation as compensation for no longer being able to use the closed area. The compensating activities are required because the badly eroded hills that Foundation Green Ethiopia focuses on for afforestation are usually used by the farmers for a limited time of the year (e.g. 2 weeks a year for herding their cattle) which is no longer possible. As the direct and indirect benefits of afforestation are only achieved after some years (less erosion and therefore increased crop production, increased soil fertility, increased water levels and less effort to collect water, increased nutrition through better water quality and increased yield, etc. – finally leading to higher grades for girls as they go to school instead of working at home and they can concentrate on learning as they are no longer hungry and ill due to malnutrition and contaminated water), Foundation Green Ethiopia believes that the short-term situation of the farmers must also be supported with additional projects (e.g. by constructing water dams and irrigations to promote vegetable fields, providing threshing mills to reduce loss of crop, etc.). Therefore, while the projects of Foundation Green Ethiopia are primarily agricultural projects (i.e. afforestation), they are conducted in close collaboration with local communities and thus have significant social aspects (having farmers agree on protection, fines, and compensation activities), and they incorporate significant short-term income generation elements. Appendix XXVII further describes the projects and approaches of Foundation Green Ethiopia.

Using Foundation Green Ethiopia as implementation example has two limitations. First, Foundation Green Ethiopia is a small organization with specific managerial specialties. These include a minimum of personnel (all people involved in Switzerland are volunteers, and in Ethiopia, there are only project-based engagements), working in one country only (Ethiopia), solely engaging in projects where afforestation with indigenous trees is a key component and afforestation projects with inexperienced subsistence farmers require distinct project management approaches⁵⁴³. Nevertheless, the projects of Foundation Green

⁵⁴³ In contrast, project approaches of other development aid NGOs, e.g. complex technical initiatives, are likely to require very different project management approaches than afforestation projects.

Ethiopia invoke community building and income generation. The second limitations are my personal ties to Foundation Green Ethiopia, which might jeopardize objectivity regarding adoption of the Sustainability Measurement Framework. However, the interview partner from Foundation Green Ethiopia, Beat Beutler, works as a priest for the protestant church of Thun⁵⁴⁴ and is engaged with different church-related as well as other socially and environmentally oriented NPOs and NGOs. Given his background, Beat Beutler ensures a good degree of objectivity. Furthermore, Beat Beutler can also assess the applicability of the Sustainability Measurement Framework to a broader range of projects and managerial aspects beyond Foundation Green Ethiopia.

After having introduced Foundation Green Ethiopia, the following sections now turn to the Sustainability Measurement Framework that Foundation Green Ethiopia developed. The first section looks at how Foundation Green Ethiopia frames sustainability, which the theoretical considerations (see paragraph 3.2) see as prerequisite of implementing the Sustainability Measurement Framework.

5.2 Prerequisite: Framing of Sustainability

Foundation Green Ethiopia does not explicitly disclose its sustainability definition or understanding, but in different reports, especially in the annual report⁵⁴⁵, the sustainability of each project approach is discussed. These discussions show that Foundation Green Ethiopia follows a sustainability definition similar to the one used for this thesis (see paragraph 2.1.1.1), and it follows the three sustainability dimensions “environment”, “society”, and “economy” which this thesis also sees as the relevant dimensions for sustainable development (see paragraph 2.1.1.2). The information is extracted from the annual report, the websites that describe the projects⁵⁴⁶, and has been confirmed during the interview with Kurt Pfister (see appendix XXVIII). The following list summarizes the key concepts that Foundation Green Ethiopia reckons to be relevant for each dimension of sustainable development:

- Environmental dimension:
 - Projects protect, increase, and improve the natural resources that are available to the involved community.

⁵⁴⁴ Thun is a town in central Switzerland.

⁵⁴⁵ See <http://www.greenethiopia.org/cms/en/content/news/annual-report/> [accessed December 18, 2012].

⁵⁴⁶ See <http://www.greenethiopia.org/cms/en/content/projects/> [accessed December 18, 2012].

- Projects foster renewable energy and strive for regional energy autarky so that forests do not come under pressure because of excessive use of wood for energy reasons.
 - Projects strive for local and regional water neutrality, i.e. projects must harvest more water than what they consume.
 - Projects balance needs of all creatures, especially fodder for cattle and diversity of plants and wild animals (i.e. promote biodiversity).
 - All elements of projects, including applicable tools, materials, and machinery, must be assessed regarding environmental considerations.
 - The carbon footprint of all activities of Foundation Green Ethiopia, especially the flights and the activities in Switzerland, must be reduced and if reduction is not possible it must be compensated through respective carbon compensation schemes.
- Social dimension:
 - Projects strengthen communities (e.g. farmer associations).
 - Projects involve marginal groups, mainly women associations and youth associations.
 - All involved groups and communities must enlarge and strengthen their structures (e.g. establish additional by-laws, provide common tools to members, etc.).
 - Projects allow children to increase their school grades (by increasing school attendance, school infrastructure, quality of education, and/or wellbeing of students).
 - Projects engage local project managers.
 - Projects allow team leaders and laborers to increase skills and experiences.
- Economic dimension:
 - Financial contribution of all project partners is required.
 - Financial self-sufficiency of projects is an important decision criteria for all project-related decisions.
 - Foundation Green Ethiopia mainly contributes to investment costs (i.e. support for operational costs is very limited).
 - Assumptions regarding cost and price level developments during the project execution are important criteria for a project-related decision.
 - In short-term compensation projects, income generation is an important element.
 - Project decisions are partly based on the cost per beneficiary and cost per input.

- Availability of funds for the whole lifecycle of the project as important criteria for a project decision.

All principles must apply at local as well as at regional levels. Therefore, a community that asks for support must not only think about the sustainability of its direct surrounding, instead the beneficiaries must also assess the interdependency of water resources, soil quality, herding patterns, and crop rotation schemes from the perspective of neighboring communities. In addition, Foundation Green Ethiopia also follows the idea of sustainable development, as the thesis does (see paragraph 2.1.1.2). Therefore, Foundation Green Ethiopia agrees to compromise some of the sustainability concepts at the beginning of the project but still requires all concepts to be met by the end of the project. And finally, Foundation Green Ethiopia re-assesses the sustainability concepts frequently, especially if new project ideas are pursued or projects are extended to new areas.

After having introduced how Foundation Green Ethiopia frames sustainability, the following section turns to Sustainability Measurement Framework at the current level of implementation at Foundation Green Ethiopia

5.3 Sustainability Measurement Framework at Foundation Green Ethiopia

After having summarized the sustainability understanding of Foundation Green Ethiopia in the previous paragraphs, the following paragraphs look at how each of the sustainability tasks is implemented at each sustainability level. The description of the current implementation level is based on an interview with Kurt Pfister, president of the Foundation Green Ethiopia (see appendix XXVIII), and it only reflects the current level of implementation, further extension is envisioned during the ongoing, iterative implementation project. Besides describing the approaches and tools of each element of the Sustainability Measurement Framework, the current level implementation is further critically assessed and considerations regarding further implementation options are discussed based on an interview with Beat Beutler, board member of Foundation Green Ethiopia (see appendix XXIX). In addition to discussing the implementation of sustainability tasks at each sustainability level, each sustainability level is separately introduced, describing the general understanding of Foundation Green Ethiopia regarding the respective level, including basic approaches and processes (based in the interview with Kurt Pfister, see appendix XXVIII). The following paragraphs start with this introduction of the Project Initialization level.

5.3.1 Project Initialization Level

Foundation Green Ethiopia agrees with the finding that Project Initialization shapes the projects in ways that subsequent project steps cannot, including sustainability, performance, and changes in people's lives (see paragraph 2.2.2). Therefore, Project Initialization enjoys high importance and it consumes significant resources for preparing project proposals, discussing options, and negotiating participation of all project partners. At the same time, Foundation Green Ethiopia distinguishes between multiplication and experimental projects (see paragraph 2.2.5.2) and it strives for resource-efficiency during initialization of multiplication projects, while the initialization of experimental projects is more guided by effectiveness. Besides distinguishing between multiplication and experimental projects, Foundation Green Ethiopia also engages in projects that maintain relationships with agents of finished projects and therewith allow representatives of Foundation Green Ethiopia to repeatedly come back to the sites of previous projects (see paragraph 2.2.5.2). As we will see, this extended involvement in previous projects allows outcome and impact measurement (see paragraph 5.3.2.1.1).

The main duties during Project Initialization are to develop project proposals with partners. Typically, communities approach Foundation Green Ethiopia through word of mouth and Foundation Green Ethiopia motivates them to start some preparation activities (which include forming an association, agreeing on areas for afforestation and areas for irrigation of arable fields, agreeing on participation and by-laws, etc.), to align with necessary experts (typically the Ministry of Agriculture), and to write a project proposal. During this preparation, Foundation Green Ethiopia is only involved to a limited extent, as these preparation activities are seen as pre-projects (see appendix XV on pre-projects as a tool to address inexperience of project partners) in order for the community to build and prove the required project management skills. Once a community or any of the project partners sends a project proposal, Foundation Green Ethiopia assesses the proposal against a set of pre-defined criteria (which are openly communicated to the proposal requestor, see appendix XXX). Based on this assessment, the proposal is negotiated and as soon as it is agreed upon, an agreement is signed which then serves as execution guideline framework and to assess the project status and success. The following paragraphs describe the details of the sustainability tasks Measure, Communicate, and Learn for the Project Initialization level as described by Kurt Pfister (see appendix XXVIII) and they summarize the assessment and suggestions mentioned by Mr. Beutler (see appendix XXIX).

5.3.1.1 Measure at Project Initialization Level

5.3.1.1.1 Description

Measure at Project Initialization level is primarily concerned with assessing project proposals that project partners submit. Besides some generally applicable measurements, specific measurements apply based on the content of the project, i.e. afforestation projects or income generation projects. The expected levels for the measurements depend first on the type of project (i.e. multiplication or experimental project) and the details of the project area, i.e. topography of the project area, annual rain fall, economic situation (e.g. local salary levels), demographic situation, etc. Table 22 below summarizes the Measure at Project Initialization level, listing general measurements, measurements for afforestation projects, and measurements for income generation projects, including expected measurement level for multiplication as well as for experimental projects. For most of the measurements, Foundation Green Ethiopia has a predefined range of acceptable expected values, and the expected values are compared with a similar project (similar in terms of topography, agricultural growth conditions, social structure of the beneficiaries, economic development of the community, etc.). The projects that continue the relationship with agents of previous projects are typically payment of guards (afforestation projects require guarding of the area against animal interference, see appendix XXVII). These projects are typically assessed in terms of whether or not they are able to maintain a relationship with agents of previous projects and whether or not costs are compared to similar projects (e.g. previous projects or projects from other areas), taking into consideration inflation and other special aspects.

To ensure that all this information is available, Foundation Green Ethiopia offers two documents to project requestors (see appendix XXX). They explain how to structure a project proposal, what information Foundation Green Ethiopia expects to find in the project proposal, and at what level of detail the information is expected to be, including required quality of the information and supporting documents. Foundation Green Ethiopia is convinced that this pre-information to project requestors enhances the quality of project proposals and that it speeds up the process of negotiating a project proposal, and therewith allows reaching agreements that are acceptable to all partners within a short period of time.

At the end of Measure at Project Initialization level, i.e. if the project proposal is accepted, a project agreement is signed by all parties. This agreement summarizes the main points of the project proposal, especially the time plan and the annual as well as total budget. The duration of these agreements is typically three to five years, and the details of the activities

of each subsequent year are decided upon based on the results of the actual year. This approach allows constant assessment of progress and if required to realign activities, funds, and support.

Measurements	Expected Level	
	Multiplication Projects	Experimental Projects
General measurements for all projects		
Cost per beneficiary	CHF 30.00 (+/- 50%)	CHF 50.00 (+/- 100%)
Cost for each input item	Competitive price	Competitive price
Participation of partners	By-laws prepared	Involved in planning
Contribution of partners	20% - 30%	At least 10%
Experiences of partners	At least medium	At least some
Availability of funds	80% secured for total project duration	100% secured for total project duration
Involvement with community after project termination	Long-term involvement as part of the project	Project reviews include discussing further involvement
Three arguments why the project will be successful	Proven success in previous projects	They are logical and reasonably achievable
Three most significant risk factors and solution approaches	Solution approaches have proven to be successful	Other examples show solutions to be successful
Additional measurements for afforestation projects		
Cost per tree	CHF 0.20	CHF 0.50
Cost per hectare	CHF 500 (+/- 20%)	CHF 1,000 (+/- 30%)
Slope of plantation site	>45 degrees	>45 degrees
Availability of water at nursery site	Available	Development is possible
Water of water streams during the rainy season	Yes	Yes
Additional measurements for income generation projects (e.g. vegetable production)		
Technical feasibility	Proven (technology already in use)	Capacity building at least part of the project plan
Availability of spare parts	Available within 2 days	Under development
Local availability of required technical skills	Initial skills available, sharing during the project	Training at least part of the project plan
Availability of market (for selling the produced goods)	Established, at least to simple extent	Under development

**Table 22: Overview of Measure at Project Initialization Level
(Foundation Green Ethiopia)**

5.3.1.1.2 Assessment and Suggestions

Beat Beutler assesses the current stage of Measure at Project Initialization level implementation as being good and suitable for the needs of a small development aid NGO focusing on agricultural projects. However, he sees trust as being an important aspect of any decision, and for him, gut feelings influence decisions at least to a similar extent as measurements do. Therefore, both are required: strong objective measurements as well as established trust. Currently, Measure at Project Initialization level of Foundation Green Ethiopia focuses too much on measurements only. Nevertheless, repeated application of measurements is one aspect of building and maintaining a trustful relationship.

5.3.1.2 Communicate at Project Initialization Level

5.3.1.2.1 Description

Recipient	When	What
Board Members	At board meetings (during proposal negotiation and after the final decisions). If requested, additional information updates are provided by email.	Current status of Project Initialization measurements and explanations of proposal evolvement (e.g. existing vs. new partners, existing vs. new approaches).
Management	At any time.	Project proposal with support documents.
Employees and volunteers ⁵⁴⁷	At any time for engagement in design or evaluation of the project.	All details of the project.
	After decision of implementation of project, as part of the quarterly newsletter.	Location of project, project activities, project partners, and expected annual outcome during the first three years.
Project Requestor	At any time before and during negotiation of project proposals.	Two documents that describe expectations (see appendix XXX) for and feedback on current project proposal.
	Immediately after the decision regarding the project proposal.	Decision regarding the project proposal, including key discussion points and additional request from funding donor.
Project Manager	Immediately after the decision regarding the project proposal.	Decision regarding the project proposal and key discussion points.
Beneficiaries	Immediately after the decision regarding the project proposal.	Decision on project proposal and main expectations for beneficiary participation.

**Table 23: Overview of Communicate at Project Initialization Level
(Foundation Green Ethiopia)**

⁵⁴⁷ Currently, Foundation Green Ethiopia does not have any employees or volunteers that are not part of the executive team or the board. Therefore, at the moment, no such communication is required. Nevertheless, Foundation Green Ethiopia has already defined respective communication approaches.

Foundation Green Ethiopia follows the idea of information responsibility (see paragraph 2.2.5.3). Therefore, Foundation Green Ethiopia shares comprehensive information in order to engage with project partners and for them to understand what is expected of them, and allow them to excel at their work. Table 23 summarizes the communication approaches that Foundation Green Ethiopia applies at Project Initialization level.

As described in the theoretical considerations, anyone who receives information is requested to provide feedback (see paragraph 3.7). Foundation Green Ethiopia expects such feedback especially from board members regarding whether or not to move the project proposal forward and implement it as a project (see appendix XXXI for an excerpt of board meeting minutes of such discussions). Such feedback may include conditionality, mainly regarding re-negotiating the project proposal, or funding, i.e. finding a donor that supports such a project. Therefore, provision of information to different recipients may apply at different times (first communicate to board members, and based on their agreement communicate to project requestor, to project managers, and to beneficiaries).

5.3.1.2.2 Assessment and Suggestions

Beat Beutler says that current communication invokes critical questions which he believes to be important, and according to his experience, all these questions, regardless which stakeholder they originate from, are followed up upon (i.e. stakeholders have a voice). While further communication would most likely improve sustainability, he sees the current level as appropriate for the size and the resources of Foundation Green Ethiopia.

5.3.1.3 Learn at Project Initialization Level

5.3.1.3.1 Description

Currently, Foundation Green Ethiopia does not have any formal approaches regarding Learn at Project Initialization level. Despite the absence of formal approaches, the management team and the board regularly discuss the process of receiving, discussing, and finalizing project proposals (see appendix XXXI shows an excerpt of the board meetings minutes of such a discussion). The main objective is to update the documents that are provided to project requestors which communicate the Foundation Green Ethiopia's expectations (see appendix XXX). For experimental projects, the discussions are more intense to make sure that all decisive experiences are captured, discussed, and documented in hopes of the experimental projects later becoming multiplication projects and the learning during initialization of the experimental project will serve as reference for comparison at Measure

at Project Initialization level (paragraph 5.3.1.1.1 describes how project proposals are compared to previous similar projects and respective experiences).

5.3.1.3.2 Assessment and Suggestions

In the opinion of Beat Beutler, learning at Project Initialization takes place on a broad scale, it involves many stakeholders, and it leads to creative feedback which goes beyond the simple implementation of pre-defined concepts. While more learning would positively contribute to increased sustainability, the current approaches are sufficient for the current projects and size of Foundation Green Ethiopia, which is confirmed by the success of the projects.

After having discussed Foundation Green Ethiopia's implementation of all sustainability tasks at the Project Initialization level, the following paragraphs turn to the Project Result level and start with a general introduction of the main approaches and processes at Project Result level.

5.3.2 Project Result Level

Foundation Green Ethiopia follows the theoretical finding regarding development aid projects having five result grades: input, activities, output, outcome, and impact (see paragraph 2.3.2). The core projects of Foundation Green Ethiopia, afforestation projects, have a significant long-term orientation, as the envisioned results from afforestation are predominantly long-term (increased availability of water, increased agricultural production through decreased erosion and a second harvest of vegetables, increased nutrition, less time spent on collection of drinking water, etc., see paragraph 5.1). As Foundation Green Ethiopia wants to start as many projects as possible in the near future, i.e. before all long-term effects of the first project can be fully measures, Foundation Green Ethiopia needs to measure projects regarding short-term success and build understanding of how to design and manage projects to best achieve a long-term impact based on short-term results. Income generation activities and projects, which typically accompany afforestation projects, are measured differently as they must lead to changes in the lives of beneficiaries much quicker than afforestation projects in order to motivate beneficiaries to continuously support the afforestation projects until the forests reveal the envisioned results. Still, long-term impact measurement also applies for income generation projects in order to see whether the beneficiaries can repeat the initial success over several years, develop their income generation activities in line with the future needs of customers and the future situation, and how beneficiaries use the additional income to change their lives. Therefore, the five result

grades apply for all projects at different times and with different objectives. And given that Foundation Green Ethiopia runs multiple projects in parallel, all result grades apply simultaneously at any one point of reporting. The following paragraphs describe in detail, how measurement, communication, and learning regarding project results are applied at Foundation Green Ethiopia, based on the interview with Kurt Pfister (see appendix XXVIII), including an assessment by Beat Beutler (see appendix XXIX).

5.3.2.1 Measure at Project Result Level

5.3.2.1.1 Description

Foundation Green Ethiopia does not have any IT systems except for book keeping, administration of donations, and office packages for documents, calculation sheets, and presentations. Therefore, all project-related information is collected in Switzerland in the form of paper or electronic reports from the project managers in Ethiopia (and not through IT systems that collect input, activity, and output data throughout the project, e.g. through updated GANTT charts⁵⁴⁸ on a central system). And these reports serve two purposes simultaneously, Measure at Project Result level and Communicate at Project Result level: by sending the reports, the project managers communicate the current states of projects to the management of Foundation Green Ethiopia who will use them as basis to define what measurements shall apply at project level. However, these reports do not exhaust neither Measure at Project Result level nor Communicate at Project Result level. Measure at Project Result level also incorporates outcome and impact measurement which take place after the termination of the project (see paragraph 2.3.2), as well as assessment of project management and project steering, which are beyond of what project managers report. Communicate at Project Result level includes, beside reports from project managers to the management of Foundation Green Ethiopia, communication to board members, employees, and volunteers and employees, as well as other project partners. Nevertheless, the reports that project managers send to the management of Foundation Green Ethiopia provide the main information used at the sustainability level Project Result and they are therefore the core element of the sustainability task Measure at Project Result level.

The reports that Foundation Green Ethiopia repeatedly expects from project partners throughout the duration of the projects are the following three (for examples, see appendix XXII):

⁵⁴⁸ For more information regarding GANTT charts, see footnote 886.

1. **Quarterly Status Report:** in the quarterly status report, project partners report on the main activities of the last quarter, challenges that have arisen, what the next activities according to the project plan are, and how these next activities are amended to address arising challenges. The report is in text form, so the text may include operational figures, ratios, financial information, etc.
2. **Annual Financial Report:** in the financial report, the project partners report how much of the project budget (which is defined in the project agreement) is used and how much is still needed to accomplish the intended project activities as agreed in the agreement. Therewith, the report shows input deviations from the original project plan and the report covers backward- as well as forward-looking aspects.
3. **Annual Operational Report:** with the operational report, project managers list what outputs have been achieved (e.g. how many trees of what species have been planted in which plantation sites). Comparing the operational report with the project agreements reveals shortcomings in terms of project execution (compared to the project proposal) and thus it offers opportunities for learning and improving project approaches. Shortcomings must be compensated in the following year.

While annual financial reports summarize past activities (i.e. grade 0b results, see paragraph 3.4.1.2), and annual operational reports show outputs (i.e. grade 1 results, see paragraph 3.4.1.3), inputs (i.e. grade 0a results see paragraph 3.4.1.1) are not measured systematically, except during the negotiations of project proposals during Measure as Project Initialization level. Measurement and management of availability of inputs is left to project managers, except if respective availability is reported as challenge in the quarterly and annual report. In such cases, Foundation Green Ethiopia is open to discuss and support solutions.

In additional to the above described measurements that are provided by the local project managers, Measures at Project Result levels also include Foundation Green Ethiopia's assessment of projects reports against project agreements, project proposal, and Measures at Project Initialization (see paragraph 5.3.1.1.1), as well as assessments regarding project management and project steering. For such assessments, representatives of Foundation Green Ethiopia and donors frequently visit the projects. During these visits, the activities and outputs are controlled, outcomes are measured, and impact is assessed. Both, outcome and impact are not measured statistically, e.g. through external audits (such as social audits, see paragraph 2.4.2.3.5), but given that the projects engage communities, oral feedback from the community members describes well how the lives of beneficiaries are changed. Impact measurement only enjoys mediocre importance at Foundation Green Ethiopia because afforestation projects are understood to be the foundation to secure and develop

natural resources. This foundation allows subsequent activities to take place that start changing the lives of beneficiaries. Such subsequent activities are hardly ever supported by Foundation Green Ethiopia, instead the communities should be empowered during the afforestation projects and with the income generation activities to continuously change their lives themselves in the future. Therefore, Foundation Green Ethiopia sees its impact as building a foundation and an empowerment for the communities, and the actual changes in the lives of beneficiaries shall be achieved by the communities themselves. The only impact attributable to Foundation Green Ethiopia is that trees on afforested sites remain growing and that farmers continuously use and multiply the new capabilities they are offered through increased level of natural resources (e.g. continue to grow vegetables). And such continuous growth is assessed during visits of the sites of previous projects, but they are not measured in a way that social audits suggest.

5.3.2.1.2 Assessment and Suggestions

While Beat Beutler believes that short-term measurements should be standardized, but long-term measurements should be NGO-specific as they reflect the individual and specific vision and philosophy of the respective development aid NGO. Regarding long-term measurements, Beat Beutler sees a clear need for Foundation Green Ethiopia to further improve today's measurements, especially to fuel the currently envisioned future growth of Foundation Green Ethiopia.

5.3.2.2 Communicate at Project Result Level

5.3.2.2.1 Description

In addition to the reports from project managers to the management of Foundation Green Ethiopia as part of Measure at Project Result level (see paragraph 5.3.2.1.1), communication of project results to board members, to donors, and to employees and volunteers apply. Table 24 summarizes all communication at Project Result level.

While all recipients are asked to provide feedback on the information received, the agreements with project partners define that the detailed project activities of each year are re-assessed and defined based on the results of the previous year. This approach allows that current level inputs, activities, outputs, and potential outcomes to influence further activities, i.e. the annual reports enforce mutual communication and define clear areas for learning, such as adjusting planned project activities, if necessary changing project approaches, and adapting management and measurement for the subsequent year.

Recipient	When	What
Board Members of Foundation Green Ethiopia	At board meetings and by email (if required because of special developments).	Summary of project status, main shortcomings in activities, summary of output achievements, and summary of beneficiary feedback.
Management of Foundation Green Ethiopia	Quarterly and annually.	Quarterly status report, annual financial report, and annual operational report (i.e. activities and outcomes) from project managers (see paragraph 5.3.1.1.1).
Employees and volunteers	Quarterly newsletter.	Summary of project status, activities, and output, as well as visit reports.
Project Manager	Depending on the interest of the project managers.	Depending on the interest of the project managers.
Beneficiaries	During visits of projects areas by representatives of Foundation Green Ethiopia and donors.	Answers regarding participation, involvement in activities, outcomes and impact.

**Table 24: Overview of Communicate at Project Result Level
(Foundation Green Ethiopia)**

5.3.2.2.2 *Assessment and Suggestions*

While Beat Beutler reckons that all relevant stakeholders are well informed, he also sees a clear need for increased communication in the future. He believes that decisions regarding project portfolios, long-term funding, future organizational disposition, as well as project steering will become more important and for discussions and decisions regarding these topics, he currently does not feel informed well enough.

5.3.2.3 Learn at Project Result Level

5.3.2.3.1 *Description*

Currently, there is no formal approach to Learn at Project Result level except that the project results are discussed with the project manager at least once a year to decide on the details of project execution for the next year (see paragraph 5.3.1.1.1). Such discussions include single-loop as well as double-loop learning (see paragraph 3.4.3), i.e. adjusting activities and project approach, as well as questioning the frame of the project. Respective discussions, especially summaries and outcomes are then discussed at the foundation's board level. The learning and decision of the board may go as far as terminating a project that repeatedly shows results that are below expectations (if results do not increase despite significant learning and adaptation of inputs and activities).

5.3.2.3.2 Assessment and Suggestions

Beat Beutler sees a need for increased measurement and communication for long-term aspects at Project Result level as well as for learning. As long-term measurements and communication are available, additional formal learning shall lead to an improved understanding of how inputs, activities, and outputs (i.e. short-term aspects) be integrated into outcome and impact (i.e. long-term aspects). Only this understanding can offer the necessary guidelines for further organizational dispositions, project portfolios, and therewith assure continuous success.

After having discussed Foundation Green Ethiopia's implementation of all sustainability tasks at the Project Result level, the following paragraphs turn to the Organization level and start with a general introduction of the main approaches and processes at Organization level.

5.3.3 Organization Level

At organization level, Foundation Green Ethiopia strives to maximize outcome from the combined projects (afforestation projects and income generation projects), as well as to ensure sufficient capacities which is a main task given the significant growth of the foundation over the last 12 years. Other subjects at Organization level include the future strategy of Foundation Green Ethiopia, i.e. what projects, especially income generation projects, are most suitable for the communities given the latest developments in Ethiopia. The following paragraphs describe the sustainability tasks at Organization level in detail, based on the interview with Kurt Pfister (see appendix XXVIII), including an assessment by Beat Beutler (see appendix XXIX).

5.3.3.1 Measure at Organization Level

5.3.3.1.1 Description

Measure at Organization level aims to provide a comprehensive picture on project portfolios and on organizational capacities. The project portfolio may specifically indicate to what extent the combination of afforestation and income generation shows outcome, and whether enough projects exist at all stages to continuously achieve the objectives of Foundation Green Ethiopia (see paragraph 5.1). Table 25 lists the measurements that Foundation Green Ethiopia uses at Organization level, including description and frequency of application.

While financial and output information is updated monthly and summarized annually in a structured way, capacity and outcome assessment is less structured. Capacity assessments

are mainly based on personal judgment regarding how much effort is required to accomplish a certain task, what capabilities and capacities are available, and whether or not additional capabilities and capacities would yield better results of the task in question (i.e. achieve results faster, with less effort, and/or at a better level of quality). Outcome assessment is mainly based on interviews with project managers, community leaders, and beneficiaries. However, the interviews are rather random and capture a few opinions only instead of providing a comprehensive picture of capacity and outcomes with statistically repeatable results (such as social audits suggest, see paragraph 2.4.2.3.5).

Measurement	Description	Frequency
Financial Statements	Statements of financial positions, income, changes in equity, cash flows, as well as notes and performance reports ⁵⁴⁹ . In addition to effective data, budget, and forecast, data is calculated for income statement and statement of financial positions, including cash planning.	Monthly (simplified) and annually
Effective and planned operational outputs	List of effective project outputs of current and previous years, and planned project outputs of the remainder of current year incl. future years according to existing agreements, by project.	Monthly
Effective and planned project expenses	List of effective project expenses of current and previous years, and planned project expenses of the remainder of current year incl. future years according to existing agreements, by project.	Monthly
Funding	Current fundraising income and available funds.	Monthly
Capacity assessment	Semi-structured assessment of available capacities and potential bottlenecks.	Quarterly
Project outcomes	Summary of beneficiary feedback.	Annually

Table 25: Overview of Measure at Organization Level (Foundation Green Ethiopia)

5.3.3.1.2 Assessment and Suggestions

Beat Beutler reckons that current Measure at Organization level provides a comprehensive picture on current statuses regarding different aspects (including critical points, capacity assessment, etc.), but future orientation is represented to a little extent only, e.g. growth, changes, and adaptations, such as further engagements of volunteers or long-term income approaches.

⁵⁴⁹ All these statements are prepared according to the requirements of ZEWO, i.e. including disclosure of administrative expenses, travel expenses, etc. (see also appendix XVIII).

5.3.3.2 Communicate at Organization Level

5.3.3.2.1 *Description*

There are two times when Foundation Green Ethiopia communicates Organization level results. The first time is once a year after completion of the financial statements, through the annual report. The annual report contains financial statements, incl. details regarding fundraising, outputs, as well as summaries and examples of outcomes for each sub project. The annual report is published on the website⁵⁵⁰ and it is distributed broadly upon request. The second time of Organization level communication is after visits to Ethiopia. After each visit, a report is published in the News section of the website⁵⁵¹. This visit report is discussed in detail at the next board meeting, especially regarding learning from current project outcomes for ongoing as well as for future projects. Experiences from the visits and results are also discussed with major donors⁵⁵² if they support the respective projects or if they request to do so.

5.3.3.2.2 *Assessment and Suggestions*

Beat Beutler believes the current communication approaches at Organization level to be strong enough to build trust. The main point for improvement include internal communication of solution approaches (instead of mainly communicating problems) as well as communication of more forward-looking information to external stakeholders such as orientation of future project activities and project portfolio developments. Such communication to external stakeholders may further build trust and engage the stakeholder's hearts.

5.3.3.3 Learn at Organization Level

5.3.3.3.1 *Description*

Learning at Organization level mainly builds on the annual report, which invokes various discussions within the board, as well as numerous feedbacks from donors and from official authorities to whom the annual report is provided to (including, but not limited to, governmental foundation supervision authority, lawyer, etc.). The financial statements, but even more so the feedback from these expert bodies allow for peer group comparison. In addition to the annual report, visits to the projects in Ethiopia are seen as opportunities to

⁵⁵⁰ <http://www.greenethiopia.org/cms/en/content/news/annual-report/> [accessed October 26, 2012]

⁵⁵¹ <http://www.greenethiopia.org/cms/en/content/news/> [accessed October 26, 2012]

⁵⁵² For more details major donors and their management see appendix XII.

start discussions with donors (see also paragraph 5.3.4.2), as well as to understand the current status of projects, decide on future direction of respective projects, on other running projects, as well as on future projects (i.e. understand the current status of the project portfolio and take respective decisions). While such discussions concern single-loop learning, other discussions at board level engage double-loop learning by questioning whether or not the right projects are pursued, if the project approaches still serve the needs of the beneficiaries (especially the income generation activities), and whether or not the current projects, capacities, and organizational dispositions still contribute to the envisioned future orientation of the foundation. Single-loop learning, and to a smaller extent also double-loop learning, mainly address understanding the portfolio of all projects, and draws additional learning from project outcomes for ongoing as well as for future projects, e.g. allocation of resources, project result assessment criteria, excepted information in project proposals, mix of multiplication and experimental projects, as well as processes and capacities for reviewing and negotiating project proposals, as well as for supervising and steering projects.

5.3.3.3.2 Assessment and Suggestions

Beat Beutler says that in his opinion, Learn at Organizational level is currently slower than other learning. A second improvement points to increased double-loop learning, i.e. increasingly questioning the frame for conducting projects, building organizational capacities and engaging with donors. Only formalized double-loop learning will allow that a bigger organization can continuously repeat the past success of Foundation Green Ethiopia in the future.

After having discussed Foundation Green Ethiopia's implementation of all sustainability tasks at the Organization level, the following paragraphs turn to the Fundraising level and start with a general introduction of the main approaches and processes at Fundraising level.

5.3.4 Fundraising Level

Fundraising level is mainly concerned with managing donors, understanding what information they require, including how to best accommodate these requests, and assess fundraising activities in terms of success regarding finding the right donors, developing them, and raising enough funds for continuously offer services to the beneficiaries.

Foundation Green Ethiopia follows the idea of engaging donors with their hearts (see paragraph 2.1.3 and 2.2.5.1), so it has only a limited number of donors grouped as:

- **Individual persons:** friends and families of board members and other interested people.
- **Grand-making organizations:** mainly churches, governmental bodies (towns, communities, or federal level), and environmental organizations that see themselves as grant-making organizations or that have a certain budget (by governmental decision or by the organization's deed) to be used for environmental purposes.
- **Companies and clubs:** companies, service clubs or other organizations that temporarily engage in humanitarian, environmental, or other related activities. Examples include companies participating in payroll giving⁵⁵³ or donating Christmas money, activities with service clubs, sports clubs that organize an annual tournament and donate a portion of the entrance fee, schools organizing a project week on water and at the end organize a flea market, etc.

While these groups are approached differently, the sustainability tasks Measure, Communicate, and Learn at Fundraising level apply for all of them similarly, i.e. Foundation Green Ethiopia tries to multiply successful ideas and learning of one group for all other groups. The following paragraphs describe the sustainability tasks at Fundraising level in detail, based on the interview with Kurt Pfister and the assessment by Beat Beutler (see appendix XXVIII and XXIX).

5.3.4.1 Measure at Fundraising Level

5.3.4.1.1 Description

Measure at Fundraising level primarily serves two objectives: first to show current levels of fundraising at any point in time (e.g. for board meetings) and understand developments within the donor base (e.g. number of major donors compared to the previous years). While the information regarding current fundraising levels is primarily used for decisions on further short-term fundraising activities and further project proposals (i.e. whether or not to engage in additional projects), the information regarding developments within the donor base is primarily used for meetings with major donors⁵⁵⁴ and decisions regarding long-term fundraising activities. While certain measurements are predominantly useful for fundraising aspects that only apply for certain donor groups (e.g. donation history is useful for preparation of meetings with major donors), most of the measurements apply for all donor groups. Table 26 lists the measurements that apply at Fundraising level.

⁵⁵³ See appendix XII

⁵⁵⁴ For more details major donors and their management see appendix XII.

At the moment, no separate operational measurements apply for donor reporting. The donors either use the same measurements, as described in Measurement as Project Initialization, Project Result, or Organization level (see paragraphs 5.3.1.1.1, 5.3.2.1.1, and 5.3.3.1.1), or they agree on project visits with Foundation Green Ethiopia where they collect their own additional measurements (applicable to larger and significant donors only).

Measurement	Description	Frequency
General Measurements for all target donor groups		
Total income	Total fundraising income.	Monthly and upon request
Future income	Promised donations (e.g. through multi-year support agreement) and invitations for fundraising actions (e.g. upcoming fundraising events such as presentations for service clubs, invitations to send donation request, etc.). For grant-making organizations, companies, and clubs information is gathered according to how often they typically donate (i.e. when they are contacted), including feedback from such organizations regarding the question when it is suitable to send a follow-up donation request.	Monthly
Income by Fundraising activity	Number of donations and donation amount arising from each fundraising activity (especially for activities with companies and clubs).	Monthly (if activities apply)
Donor history	History of all previous donations for each donor.	Upon request
Restricted donations	Number of donations and donation amount for which the donor gave a pre-defined (and therewith restricted) usage.	Monthly
Additional Measurements for Individual Persons		
Number of donors	Number of donors that have provided donations.	Annually
Average donation	Average value of donations.	Annually
Donor summary	Number of donations and donation amount by donor.	Upon request

Table 26: Overview of Measure at Fundraising Level (Foundation Green Ethiopia)

5.3.4.1.2 Assessment and Suggestions

Based on the adaptations of the previous years, Beat Beutler sees no need for further improvements except if Foundation Green Ethiopia changes its project approaches or if there is a significant change in the management team of Foundation Green Ethiopia.

5.3.4.2 Communicate at Fundraising Level

5.3.4.2.1 Description

Communication at Fundraising level primarily uses three channels. The first one being board meetings where current total income, future income, and planned fundraising activities are discussed. Low current and future income level trigger additional fundraising activities, and a few planned fundraising activities lead to restrictive project spending (i.e. a certain hesitation regarding additional project proposals). Fundraising activities also include approaching friends of board members, and for such activities Foundation Green Ethiopia uses the individual donation history. The second communication channel is the annual report which discloses total income, restricted income, number of donors, average donations, and the like. The third communication channel is donor reporting which offers project result measurement as well as selected organizational measurement to major donors. While the dates of board meetings are scheduled in the fall of each year for the coming year, and annual reports are prepared after the end of the fiscal year, communication with major donors is agreed upon with them individually. Communication typically takes place after visits to Ethiopia as well as annually around the time of the initial support in order to assessing financial input, output, and outcome.

5.3.4.2.2 Assessment and Suggestions

As the personal engagement of representatives of Foundation Green Ethiopia is currently an important aspect in winning the trust of donors, Beat Beutler only believes significant change for Communicate at Fundraising level to be necessary if such personal engagement cannot be offered any more at the required level for all necessary projects or for all required donors.

5.3.4.3 Learn at Fundraising Level

5.3.4.3.1 Description

Similar to Learn at Project Initialization, Project Result, and Organization level, Foundation Green Ethiopia does not have a formal approach for learning at Fundraising level. However, minutes of board meetings exist as well as of meetings with major donors and they summarize the decisions taken regarding learning from and adapting of projects. While learning as a whole uses minimum formal approaches only, the board meetings as well as meetings with major donors follow a clearly defined structure. For board meetings, the structure compares results of fundraising with pre-defined expectations that are either

defined in the budget or that were agreed upon when deciding on an additional fundraising activity. Deviations and shortcomings are analyzed and respective learning for current as well as for future activities is drawn. In a similar way, communication and meetings with major donors review current project statuses against the objectives and the initial plans. Input-, activity-, output-, and outcome- deviations are explained and discussed, and further actions are decided upon. Most of these decisions address single-loop learning, but if results do not increase despite significant learning, also double-loop learning discussions apply. At board meetings, certain formal double-loop learning areas (see appendix XIX, paragraph 3) exist, e.g. during the budget discussion, all project approaches and all project areas are questioned as well as if necessary funds are re-distributed (i.e. increase or decrease of support for certain approaches and/or areas). Double-loop learning discussions of the board include matching donors with projects (suggest the right projects to the right donors when asking for support, see paragraph 3.3) as well as learning regarding how to approach donors in the future and how to match the right project to the right (potential) donor.

5.3.4.3.2 Assessment and Suggestions

Currently, Beat Beutler reckons that fundraising success depends on certain key people. In the future, fundraising success must build on organizational competences, which learning at Fundraising level must ultimately lead to. Two claims that point into the direction of organizational fundraising competencies are holding volunteers responsible for tasks given to them as well as building an internal culture of obligation for delivering on promises.

After having introduced the implementation of each sustainability task at each sustainability level by Foundation Green Ethiopia, including the assessment of tools and approaches, as well as considerations regarding the current implementation level, the following section summarizes the current implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia. This section also includes a comparison with theoretical implementation suggestions drawn from other performance management approaches as well as a summary of the Sustainability Measurement Framework matrix including implementation considerations.

5.4 Assessment of the Implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia

After having discussed Foundation Green Ethiopia's Sustainability Measurement Framework, including the assessment of the current implementation level and suggestions for future extensions of each Sustainability Measurement Framework element, the following paragraphs discuss the implementation from a conceptual point of view. The first discussion uses assessment criteria drawn from the theoretical considerations regarding organizational and managerial aspects of development aid NGOs (see chapter 2). The assessment reference is drawn from alternative performance management models (see appendix XXXIII). The second discussion reviews the implementation process at Foundation Green Ethiopia and concludes suggestions for future applications of the Sustainability Measurement Framework. And finally, the third discussion summarizes structural considerations that feed back to the basic design of the Sustainability Measurement Framework.

5.4.1 Assessment regarding alternative Performance Management Approaches

The following paragraphs assess the implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia regarding 18 criteria to assess performance management models for application at development aid NGOs. The 18 criteria are derived from the particularities of organizational, managerial, project-related as well as performance-requirement related particularities of development aid NGOs⁵⁵⁵. First, the 18 assessment criteria are reviewed in regard to their applicability and importance from the perspective of Foundation Green Ethiopia. Then, the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia is assessed regarding the fulfillment of the 18 criteria in comparison to the extent that the four alternative performance management models accommodate the 18 criteria. This assessment of the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia is complemented with an assessment of the future potential of the Sustainability Measurement Framework at Foundation Green Ethiopia, i.e. contributions from a more comprehensive implementation level.

⁵⁵⁵ Appendix XXXIII describes these 18 criteria, as well as the four performance management approaches often used by NPOs regarding their contribution to these 18 assessment criteria. The four performance management models are: the three Level Model in combination with the NPO Effectiveness Assessment Matrix, the Logical Framework Approach, the Logic Model, and the Balanced Scorecard including adaptations for NPOs (for description of the models and details of the assessment, see appendix XXXIII).

Based on the analysis of the 18 assessment criteria that are critical for performance management models to accommodate the performance management requirements of NPOs (see appendix XXXIII), the following paragraphs review these 18 criteria in regard to their applicability and importance for Foundation Green Ethiopia, a small development aid NGO focusing on agricultural project in rural Ethiopia with only little personnel resources. The review compares the importance of each criterion for Foundation Green Ethiopia the importance for to a generic development aid NGO (see appendix XXXIII). It assesses each criteria with ‘-’, ‘0’, or ‘+’, indicating either “less important” for Foundation Green Ethiopia compared to the generic development aid NGOs, “similarly important”, and “more important”. The following list discusses the results of this assessment for each criterion (showing the criteria number, the assessment, and an explanation to the rank):

1. (-) Broad communication and information responsibility: given the small number of partners that are involved and the narrow scope of activities (both rooted in the small-size of Foundation Green Ethiopia), the communication is not very broad, and meeting information responsibility is relatively simple.
2. (0) Adjustment for different organizational levels and stakeholder groups: while Foundation Green Ethiopia has a relatively limited number of stakeholders only, the project approach focusing on agriculture and afforestation is rather unique and therefore requires specific considerations regarding donor reporting and communication. Therefore, overall, the importance is similar to other development aid NGOs, despite the narrow project approach.
3. (0) Designed for improvement and adaptation of project approaches: improvements and adaptations are necessary for every community (i.e. different topography) and also the time factor plays a role (i.e. the living conditions of Ethiopians change), but the importance of this requirement for Foundation Green Ethiopia is similar to the one of other development aid NGOs.
4. (+) Step-by-step implementation: given the limited resources of Foundation Green Ethiopia, step-by-step implementation, in addition to the availability of resources, is very important.
5. (0) Broad knowledgebase and literature: while existing knowledge and literature helps to move forward quickly, the agriculture-oriented approach of Foundation Green Ethiopia has shown to be rather unique in the past and therefore, the existing knowledge and literature is not more important than it might be for other development aid NGOs.
6. (-) Integration with existing undertakings and performance measurement tools: as Foundation Green Ethiopia is a young organization with a limited number of existing performance measurement tools and processes, this requirement is of minor importance for Foundation Green Ethiopia.

7. (+) Understand sustainability as ongoing development approach instead of a predefined standard: given that the environmental, social, and economic situation is unique to every participating community, the path from the current situation to a future situation with sufficient water, increased living standard, and higher school grades for girls needs specific tracing for every project and therefore, this requirement is of high important for Foundation Green Ethiopia.
8. (0) Express cause-effect relations including expectations regarding assumptions and external conditions: while protection of natural resources is only a first step in order to change the lives of beneficiaries, the narrow focus of Foundation Green Ethiopia on afforestation keeps the respective complexity relatively low and therefore, the requirement seems similarly important as for other development aid NGOs.
9. (-) Ease of data collection: given the simplicity of the project activities that Foundation Green Ethiopia engages in, data collection for output is relatively simple. However, data collection for outcome and impact level remains challenging (mainly tracing current situation and comparing it to prior interventions).
10. (-) Ease of understanding: growth of trees and availability of water is easy to understand, however, understanding their contribution to health, nutrition, and living situation requires experience.
11. (+) Assess input to impact hierarchy: as availability of water and nutrition situation are influenced by a multitude of factors, understanding how the project interventions effectively contribute to the envisioned impact and adjusting the interventions if necessary is critically important.
12. (0) Support broad performance tasks (planning, execution, adjustment, monitoring, and evaluation): given the number of environmental, social, and economic considerations that are inherent in the projects of Foundation Green Ethiopia, supporting broad performance tasks is important despite the general simplicity of Foundation Green Ethiopia agricultural projects.
13. (+) Focus on change and improvement of project work instead of data collection: given the limited resources of Foundation Green Ethiopia as a small organization, result orientation is very important.
14. (0) Allow different projects to be dealt with differently: compared to big organizations, Foundation Green Ethiopia has only a limited number of different projects and in one country only. Nevertheless, given the broad cultural differences between different ethnical groups in Ethiopia and the specific situations in different communities, the relatively small number of projects all the same requires significantly different forms of management.

15. (-) Easy incorporation of new scientific research and own experiences: as scientific research in agriculture hardly reveals significant new results regarding afforestation, and because historical agricultural experience is available locally, this requirement is of minor importance for Foundation Green Ethiopia.
16. (0) Support strategic performance measurement, especially regarding diversity of stakeholders: while the number and diversity of stakeholders for Foundation Green Ethiopia is still relatively small, strategic orientation is important as projects typically end after three years which requires constant search for new projects and assessment regarding their strategic fit.
17. (0) Re-use evaluation results for fundraising, selectively or with context information: while the fundraising messages are relatively simple (as the scope of project is relatively narrow), efficient use of resources is important and overall, the importance of this requirement is similar to other development aid NGO.
18. (0) Support iterative instead of linear models of change: given the short-term impact of various aspects on project results (e.g. change in annual rainfall), iterative and flexible project evolvement is important. However, given the small number of projects, the overall importance of this requirement is similar to other development aid NGOs.

The above review of the importance of all 18 assessment criteria for performance management models in the context of Foundation Green Ethiopia suggests most criteria to be similarly important for Foundation Green Ethiopia as for development aid NGOs in general⁵⁵⁶. While four criteria are more important⁵⁵⁷, five criteria are less important⁵⁵⁸, and therefore, the assessment criteria are in total slightly less important for Foundation Green Ethiopia than they are for development aid NGOs in general. Special consideration is required for criteria number four, step-by-step implementation, which is one of the four criteria that require improvement. At the same time, the assessment of the four performance management models (see figure 46, appendix XXXIII, paragraph 6) reveals that the model that offers much flexibility regarding most of the assessment criteria and that is therefore the preferred performance management model, the logic model, ranks lower regarding step-by-step implementation than the three other models. Therefore, step-by-step implementation contradicts the other assessment criteria and the performance management approaches: if the performance management model offers flexibility, its scalability is minimal (i.e. each subsequent extension regarding scope and content again requires significant effort).

⁵⁵⁶ The nine assessment criteria that are similarly important are: criteria number 2, 3, 5, 8, 12, 14, 16, 17, and 18.

⁵⁵⁷ The four assessment criteria that are more important are: criteria number 4, 7, 11, and 13.

⁵⁵⁸ The five assessment criteria that are less important are: criteria number 1, 6, 9, 10, and 15.

After having reviewed the importance of the 18 assessment criteria for performance management models in the context of Foundation Green Ethiopia, the following paragraphs assess to what extent the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia accommodates each of the 18 assessment criteria. In addition to looking at the current implementation level, the assessment also looks at the future potential of an improved, more comprehensive implementation of the Sustainability Measurement Framework. Table 27 shows rankings of all 18 assessment criteria for both, the ‘Current Level’ as well as the ‘Future Potential’. The section ‘Current Level’ describes to what extent the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia accommodates each of the 18 criteria, using ‘-’, ‘0’, or ‘+’ to indicate whether accommodation levels are “weak”, “as expected”, or “strong”. The section ‘Future Potential’ again uses ‘-’, ‘0’, or ‘+’ to indicate how much effort is required for scaling the current implementation of the Sustainability Measurement Framework to an extended implementation (i.e. “significant effort”, “mediocre effort”, and “scaling is achieved easily”).

Comparing the importance of the 18 criteria for Foundation Green Ethiopia and the extent to which the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia accommodates the 18 criteria (see table 27, section ‘Current Level’) reveals that seven out of the 18 criteria are at the same level of accommodation and importance, i.e. both being ‘-’, ‘0’, or ‘+’⁵⁵⁹. For six criteria, the current accommodation level is above importance⁵⁶⁰, and for five criteria the current accommodation level is below importance⁵⁶¹. Looking at the expected accommodation of the 18 criteria at the ‘Future Potential’ section (see table 27) and comparing it with the importance, accommodation is at the same level as importance for eight criteria⁵⁶², it is above importance for nine criteria⁵⁶³, and for criteria number four, ‘step-by-step implementation’, the accommodation is below importance.

⁵⁵⁹ The seven assessment criteria where current implementation level of the Sustainability Measurement Framework accommodation is below importance are: criteria number 3, 4, 5, 6, 11, 14, and 15.

⁵⁶⁰ The six assessment criteria where current implementation level of the Sustainability Measurement Framework accommodation is above importance are: criteria number 1, 9, 10, 12, 17, and 18.

⁵⁶¹ The six assessment criteria where current implementation level of the Sustainability Measurement Framework accommodation is below importance are: criteria number 2, 7, 8, 13, and 16.

⁵⁶² The eight assessment criteria where future potential implementation level of the Sustainability Measurement Framework accommodation is below importance are: criteria number 2, 5, 7, 11, 13, 14, 16, and 17.

⁵⁶³ The nine assessment criteria where future potential implementation level of the Sustainability Measurement Framework accommodation is above importance are: criteria number 1, 3, 6, 8, 9, 10, 12, 15, and 18.

Group	Nr	Criteria	Current Level			Future Potential		
			-	0	+	-	0	+
NGO	1	broad communication and information responsibility		x				x
	2	adjustment for different organizational levels and stakeholder groups	x				x	
	3	designed for improvement and adaptation of project approaches		x				x
	4	step-by-step implementation			x		x	
	5	broad knowledgebase and literature		x			x	
	6	integration with existing undertakings and performance measurement tools	x					x
Development Aid	7	understand sustainability as ongoing development approach instead of a predefined standard	x					x
	8	express cause-effect relations incl. expectations regarding assumptions and external conditions	x					x
	9	ease of data collection			x		x	
	10	ease of understanding			x		x	
Project	11	assess input to impact hierarchy			x			x
	12	support broad performance tasks (planning, execution, adjustment, monitoring and evaluation)			x			x
	13	focus on change and improvement of project work instead of data collection		x				x
Project Portfolio	14	allow different projects to be dealt with differently		x			x	
	15	easy incorporation of new scientific research and own experiences	x					x
Perf. Meas. requirements	16	support strategic performance measurement, especially regarding diversity of stakeholders	x				x	
	17	re-use evaluation results for fundraising, but selectively or with context information			x		x	
	18	support iterative instead of linear model of change			x			x

Table 27: Assessment of Foundation Green Ethiopia’s current Implementation Level of the Sustainability Measurement Framework and Future Potential (own Illustration)

Table 27 and the comparison to the importance of the 18 assessment criteria suggests that the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia allows increased planning, assessing, as well as improved sustainability of development aid projects. Nevertheless, the current level implementation reveals some limitations, most of which are related to the efforts needed to meet the assessment criteria (e.g. criteria two: adjustment for different organizational levels and stakeholder groups). Therefore, the model's ability to reduce the required work is minimal, but the strength of the model is its width and flexibility to incorporate additional measurement, communication, and learning to accommodate more organizational levels and stakeholder groups.

As described above, the limitation of the current implementation is that extension requires significantly more efforts, i.e. scaling and multiplication does not automatically increase the efficiency of the implementation and of the model. This limited ability for scaling is also reflected in the assessment of future potential (see table 27) for e.g. the criteria 'adjustment for different organizational levels and stakeholder groups' which is neutral (i.e. more organizational levels and stakeholder groups can be addressed, but only with more effort). While the different performance management models address the assessment criteria to a different degree (see figure 46, appendix XXXIII, paragraph 6), limited scalability and multiplication might be partly inherent to sustainability measurement and to the business of development aid NGOs, given the balance of a multitude of aspects that sustainability initiatives aim to reach (see paragraph 2.1.1.1), the number of stakeholders that development aid NGOs have to deal with (see paragraph 2.2.4.2), and the multi-discursive character of NGOs (see paragraph 2.2.4.2).

After having reviewed the contribution of the current as well as future implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia, the following paragraphs look at the implementation process that Foundation Green Ethiopia used. The paragraphs draw suggestions from this implementation process for further implementations at other development aid NGOs

5.4.2 Review of the Sustainability Measurement Framework Implementation Process of Foundation Green Ethiopia

The implementation process that project management theory suggests typically depends on the scope of the implementation of the Sustainability Measurement Framework, i.e. if it is

seen as organizational project, as organization development project, or as ICT project⁵⁶⁴ (the respective project phases for e.g. an ITC project are: initialization, pilot study, high-level concept, detail concept, and realization⁵⁶⁵). Project management theory further suggests to also assess the project regarding project complexity (standard project, acceptance building project, potentiality project, or pioneering project⁵⁶⁶) and project location (traditional project, distributed/international project, or virtual project⁵⁶⁷) to derive additional project management best practices. And finally, there are additional structural elements that projects may incorporate for maximum effectiveness and efficiency, namely prototyping, versioning, and simultaneous engineering⁵⁶⁸. Based on these theoretical considerations, the implementation process for the Sustainability Measurement Framework may show certain specifics to accommodate the individual requirements of the implementing development aid NGO, e.g. whether or not the implementation process also defines the NGO's sustainability understanding (see paragraph 3.2) or if a comprehensive sustainability understanding had already been defined before. If the implementation includes defining a sustainability understanding, the project may be of the type 'organizational development project', otherwise the project probably falls under the project type 'ICT project'⁵⁶⁹. Or if tensions between volunteers and employees (see paragraph 2.2.5.3) are extensive in the implementing development aid NGO, additional acceptance-building elements should be considered as part of the project plan in order to master this transition and start holding people responsible for delivering on their promises which is a key element of the Sustainability Measurement Framework (see paragraphs 1.1, 3.4.1.4, and 5.3.4.3.2.) and which might further fuel the existing tension between volunteers and employees if not managed carefully. Therefore, any implementation process must be flexible enough to take the current organizational and managerial conditions of the development aid NGO into consideration and adjust the design of the implementation process according to these conditions.

The implementation process chosen by Foundation Green Ethiopia (see appendix XXVIII) can be described as organizational project, standard project, and traditional project. Regarding project type, Foundation Green Ethiopia sees the implementation of the Sustainability Measurement Framework as organizational project that aims to improve the

⁵⁶⁴ See appendix XV, paragraph 3

⁵⁶⁵ See appendix XV, paragraph 4

⁵⁶⁶ See appendix XV, paragraph 3

⁵⁶⁷ See appendix XV, paragraph 3

⁵⁶⁸ See appendix XV, paragraph 4

⁵⁶⁹ The implementation whitepaper for the QPR Balanced Scorecard application from QPR Software plc. suggests that implementing of the application requires seven to 69 months, out of which two to 24 months are related to technical implementation, and five to 45 months are related to business rather than technical questions that must be addressed during the implementation (i.e. design of structure, measures and dependencies, see QPR 2009, pp. 16ff). This example indicated, that the 'organizational development' aspects do require potentially more time than the effective implementation of the approaches and tools.

organizational processes of measuring, communicating, and learning at all necessary levels (Project Initialization, Project Result, Organization, and Fundraising level). Regarding complexity, the implementation is seen as standard project, i.e. no additional considerations apply that project management theory suggests for acceptance building, potentiality, or pioneering projects. While this is true for the general implementation approach, the effective implementation actions seems to take respective aspects and management tasks into consideration, if needed (e.g. if social strains appear, or if existing knowhow and experiences seem insufficient). Regarding project location, the implementation of the Sustainability Measurement Framework is a traditional project taking place in Switzerland only and exclusively building on internal resources. International aspects are taken into consideration, but rather as feedback from project partners instead of inviting the respective people to be part of the project team. As additional considerations Foundation Green Ethiopia gradually introduces new tools and processes at different sustainability levels and for different sustainability tasks which can be best described with the theoretical concept of versioning, i.e. initiating a series of iterative project-cycles that will lead to the final result and therewith implement a slowly but steadily growing system⁵⁷⁰.

Following an iterative implementation approach, Foundation Green Ethiopia uses the Sustainability Measurement Framework as overall frame and guideline to adapt and extend aspects of the current performance management approaches during each iteration. Each iteration consists of the following steps:

- Decide on the approaches and tools that are of high importance and urgency for adaptation and extension during this iteration,
- Performing a gap analysis describing the objectives of the adaptation and extension for the selected approaches and tools,
- Assessment of possible new approaches and tools,
- Selection of the most suitable new approaches and tools,
- Implementation of the new approaches and tools and using them during the everyday operation,
- Learning regarding success of the iteration (regarding implementation process as well as regarding the new approaches and tools).

While such an implementation process inherently requires significant time to run through all iterations in order to implement all applicable approaches and tools, or for all of them to reach the required level, each iteration can be tailored to the currently most important aspects of performance management and only limited additional resources are required for

⁵⁷⁰ See appendix XV, paragraph 3

each implementation step. Furthermore, subsequent iterations benefit from learning of previous iterations and the integration of approaches and tools during subsequent iteration builds on effective experiences and feedback from daily operations of previous implementation rather than on theoretical considerations decided upon during the design phase.

Besides the required time, a second limitation of the iteration-oriented implementation approach chosen by Foundation Green Ethiopia might be a lack of strategic signaling. While the iterations allow for maximization of effectiveness of approaches and tools, many of Foundation Green Ethiopia's stakeholders may not be aware of the performance and sustainability initiative. Clear signaling regarding strategic performance- and sustainability-orientation of the development aid NGO may be of significant value for setting expectations with all stakeholders (see paragraphs 2.4.2.3.4 and 3.1.1) and for building trust (see paragraph 5.3.1.1.2). However, given that Foundation Green Ethiopia is a small development aid NGO, this lack of formal signaling through a publicly visible project may be compensated for by individual contacts with major stakeholders, which may at the same time offer further opportunity for interaction with major donors and winning their hearts (see paragraphs 2.1.3, 2.2.5.1, and 5.3.3.2.2). A third limitation, also originating from the absence of an overall project structure, is that the implementation of the Sustainability Measurement Framework may be stopped before reaching its end. While in theory such an early end and the incomplete implementation of the Sustainability Measurement Framework jeopardizes its success, an early end may indicate resource-efficiency (i.e. focusing the available resources on the most urgent and important aspects of the Sustainability Measurement Framework only and leaving all other aspects out). In addition, the framework is designed for frequent, potentially even constant improvements (see paragraph 3.7), and so is the concept of sustainable development (see paragraph 2.1.1.2). Therefore, an early end or pause of the implementation does not contradict the basic design of the Sustainability Measurement Framework. However, it is important, that the implementation stops as well as continues for the right reasons and not because of coincidence.

In summary, implementation of the Sustainability Measurement Framework simultaneously accommodates multiple objectives and, depending on the specific situation of the implementing development aid NGO, such objectives may be broad, e.g. including strategic definition of sustainability understanding or building social acceptance. It is important that the implementing development aid NGO thinks through what its specific implementation has to accommodate and then plans the implementation approach accordingly. This planning should also include understanding potential short-comings and risks of the chosen

implementation process. Furthermore, managerial dispositions might be prepared to mitigate such risks, e.g. education of project partners, defining specific reviews during risky project phases, or predefining actions that apply if certain incidences occur (see also best practices of high reliability organizations, appendix XX). And last but not least, the implementation project must include what the project owner sees as comfortable level of flexibility (see paragraphs 2.2.6 and 2.3.4, as well as appendix XX, paragraphs 2 and 3).

After having reviewed the implementation process that Foundation Green Ethiopia applies for the Sustainability Measurement Framework and having drawn suggestions for other development aid NGOs, the following paragraphs look at structural considerations. Such structural learning from the implementation may provide information for the specific design of the Sustainability Measurement Framework for any given development aid NGO that plans to implement the Sustainability Measurement Framework.

5.4.3 Review of structural Considerations regarding the Design of the Sustainability Measurement Framework

After having assessed the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia, including the implementation's future potential, in regard to contributions of alternative performance management approaches (see paragraph 5.4.1), and having reviewed the implementation process used by Foundation Green Ethiopia (see paragraph 5.4.2), the following paragraphs turn to learning regarding structural considerations and the design of the Sustainability Measurement Framework.

The implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia (see appendix XXVIII) and the feedback to the current implementation level as well as potential for future implementation (see appendix XXIX) reveal three major learning that development aid NGOs may take into consideration when starting their own implementation project. The first consideration is related to the three sustainability tasks Measure, Communicate, and Learn. While in theory the three tasks are distinct and different (see paragraph 2.4.4.3), the implementation at Foundation Green Ethiopia as small development aid NGO with a limited range of projects shows that they are effectively blurred. The first example relates to overlapping of sustainability tasks within one sustainability level, e.g. Measure and Communicate at Project Result level, where reports from project managers serve for measurement of project results as well as for communication of the project results (see paragraph 5.3.2.1.1). A second example relates to sustainability levels overlapping one sustainability task, e.g. for Measure at Project Result

level and Organization level if the development aid NGO only has a narrow scope of projects, the operational measurements at Organization level may be identical with the annual measurements at Project Result level (see paragraphs 5.3.2.1.1 and 5.3.3.1.1). The third example relates to overlapping sustainability tasks at all sustainability levels, which Foundation Green Ethiopia faces for communication and learning. The current implementation level at Foundation Green Ethiopia does not clearly define which feedback is required from what communication and how learning applies, i.e. if feedback is already learning or if certain conditions apply for feedback to become learning (e.g. formal discussions with minutes, see paragraph 2.4.4.3), or if separate learning activities such as meetings have to apply, and if such activities have to be distinct for single-loop and for double-loop learning. While such overlap might be acceptable for a small development aid NGO with a limited number of stakeholders and a narrow management team that has a clear understanding of the interactions that apply with all stakeholders, more clarity seems indispensable for bigger development aid NGOs. Therefore, the implementation must be clear about what is expected from communication, when communication ends, and when learning starts, including formal requirements for learning activities.

The second consideration is related to the focus that each of the four sustainability levels enjoys. The implementation at Foundation Green Ethiopia shows that Project Result level by far enjoys the most focus, followed by Project Initialization, Organization, and finally Fundraising level (however, the effective time spent on sustainability tasks at Fundraising level might be higher as many of them depend on meetings and visits with major donors which require significant time, see paragraph 5.3.4). While this extended focus for Project Result level is expected as it already enjoys the most focus in the theoretical conclusion of the Sustainability Measurement Framework⁵⁷¹, the focus of the different sustainability levels should nevertheless be balanced. While a certain imbalance might not harm a small development aid NGO with a narrow scope of projects, at least as long as the executive team is aware of this imbalance, bigger organizations with a broad range of projects and countries may jeopardize long-term survival by mainly focusing on project results (see appendix XI). To prevent such imbalance, development aid NGOs using the Sustainability Measurement Framework may include an additional measurement at Organization level requiring them to e.g. annually review the efforts they spend at Project Initialization, Project Result, Organization, and Fundraising level for measurement, communication, and learning activities, and to critically assess these efforts.

⁵⁷¹ See paragraph 3.4.1. To a certain extent the importance of Measure at Project Result level is justified as the respective measurements are replicated at Organization and Fundraising level.

The third consideration arises from the interview with Beat Beutler and it is related to the level of confidence that measurements can offer (see the respective comments related to trust for Measure at Project Initialization level). It can be agreed that numerical measurements alone cannot build the required trust, and additional trust-building activities are necessary to do so, e.g. a combination of comprehensive measurements, critical communication, and intimate two-way interaction. Trust may also be related to the experiences of the respective stakeholders, either with the organization, with the project approach, with previous partners, or combinations thereof. Therefore, building trust is situation- and stakeholder-specific, and at any point in time different trust-building activities apply simultaneously to accommodate the different levels of trust of different stakeholders. If the development aid NGO that implements the Sustainability Measurement Framework follows this understanding of trust, all sustainability tasks at the Project Initialization and the Project Result levels, or even at all levels, may explicitly include approaches and tools that address building of trust. For special cases, e.g. for new development aid NGOs (with ‘new’ relating to age, project approaches, project areas, project partners, and/or donors), or in times of crisis (e.g. during severe media criticism on child sponsorship, see appendix IX, paragraph 3), trust may be a fourth sustainability task, at least during a limited period of time.

While the review of the implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia offers different suggestions for other development aid NGOs regarding considerations, adaptations, and extensions of the Sustainability Measurement Framework as well as the implementation process, only additional implementation examples allow assessing the success of these suggestions. As the experiences with implementation of the Sustainability Measurement Framework are still weak, comparisons with other performance management models and with general project management theory offer guidelines for a successful usage of the Sustainability Measurement Framework to increase planning, execution, assessment, and sustainability of development aid projects.

After having summarized the implementation considerations for the Sustainability Measurement Framework, the following paragraph summarize the Sustainability Measurement Framework at Foundation Green Ethiopia including opportunities for future extensions.

5.5 Summary of the Sustainability Measurement Framework at Foundation Green Ethiopia (fifth Research Question)

With an iterative implementation approach, Foundation Green Ethiopia has found an effective and resource-efficient way to start using ideas from the Sustainability Measurement Framework. While this iterative implementation approach bears some risks, especially the required time, missed opportunity for strategic signaling, and stopping implementation before reaching the end (see paragraph 5.4.2), these risks are minimal for small development aid NGOs with a narrow scope of project approaches and project countries like Foundation Green Ethiopia. At the same time, the hitherto implementation allows systematic measurement, communication, and learning regarding project initialization, results, project portfolios, organizational capabilities, and fundraising. Foundation Green Ethiopia believes that its approaches and tools, which follow the matrix-structure of the Sustainability Measurement Framework, have contributed to its success in changing the lives of beneficiaries.

Table 28 summarizes the current implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia. For each combination of sustainability level and sustainability task, the table describes the following two aspects:

1. Current approaches
2. Opportunities for future extensions.

While it is difficult to compare the success of Foundation Green Ethiopia with other development aid NGOs that use alternative performance management approaches, or to the time before Foundation Green Ethiopia's performance management followed the structure of the Sustainability Measurement Framework, Foundation Green Ethiopia sees the implementation as success. First of all, growth over the last five years and the related increased performance management requirements are mastered with the same resources. This is seen as clear indication of how the approaches and tools implemented under the Sustainability Measurement Framework allow Foundation Green Ethiopia to collect information, communicate suggestions, and take decisions with significantly increased effectiveness and efficiency⁵⁷². In addition, the approaches and tools follow a homogeneous understanding of sustainability with clear priorities, which is also recognized by the stakeholders, and which leads to positive feedback from them regarding Foundation Green Ethiopia's professionalism and ongoing support⁵⁷³. Based on these indications, the

⁵⁷² See appendix XXVIII

⁵⁷³ See appendix XXVIII

management of Foundation Green Ethiopia sees the current implementation level of the Sustainability Measurement Framework as superior to the performance management approaches that were used before.

		Sustainability Tasks		
		Measure	Communicate	Learn
Sustainability Level	Project	<ol style="list-style-type: none"> 1. Meeting a pre-defined list of criteria. 2. Establishment of trust towards a variety of stakeholders. 	<ol style="list-style-type: none"> 1. Negotiations and decisions on project proposals, including key discussions and required improvements. 2. Further increase in sustainability is possible but negative cost-benefit analysis. 	<ol style="list-style-type: none"> 1. Informal openness for discussions at all levels and significant creativity. 2. Further formalize discussions to better capture creativity.
	Project Result	<ol style="list-style-type: none"> 1. Project activity status, financial status, annual outputs, and assessment of project management incl. project steering. 2. NGO-specific long-term measurements that reflect the NGO's individual and specific vision and philosophy. 	<ol style="list-style-type: none"> 1. Quarterly reports, annual financial reports, annual operational reports, visit reports, and newsletter. 2. Communication that allows decisions regarding project portfolios, long-term funding, future organizational disposition, as well as project steering. 	<ol style="list-style-type: none"> 1. Annual discussion with project managers and board discussions. 2. Understand how (short-term) inputs, activities, and outputs roll into (long-term) outcomes and impact.
	Organization	<ol style="list-style-type: none"> 1. Financial statements, planned operational outputs, planned project expenses, funding, capacity assessment, and project outcomes. 2. Future orientation regarding growth, changes, and adaptations. 	<ol style="list-style-type: none"> 1. Annual report and reports after visits to project sites. 2. Internally communicate solution approaches and externally communicate future orientation of project approaches and project portfolios. 	<ol style="list-style-type: none"> 1. Single- and double loop learning within board and in discussions with major donors. 2. Increase speed of learning and invoke double-loop learning more often.
	Fundraising	<ol style="list-style-type: none"> 1. Income, success of fundraising activities and development of donor base. 2. Previous adaptations prove strong and therefore no improvement necessary unless project approaches of the management team changes. 	<ol style="list-style-type: none"> 1. To board members during board meetings, to a broad audience through the annual report, and to donors through donor reporting. 2. Improvements are necessary if current personal engagement is no longer possible at the level required or for all projects and donors. 	<ol style="list-style-type: none"> 1. Start and adjust fundraising activities, and adjust collaboration with donors. 2. Fundraising success must build on organizational competences, holding volunteers responsible for tasks given to them, and building an internal culture of obligation for delivering on promises.

Table 28: Sustainability Measurement Framework Summary for Foundation Green Ethiopia (Foundation Green Ethiopia)

Given the difficulties to assess the success of the Sustainability Measurement Framework, answering the fifth research question, “What considerations may be relevant for the implementation of a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?”, remains a suggestion that must be critically reviewed for adaptation to the specifics and particularities of the development aid NGO that plans to implement the Sustainability Measurement Framework. Nevertheless, based on the discussion of Foundation Green Ethiopia’s implementation, the main considerations may be:

- The core value of the framework is the structure and the formal proceeding, following the matrix of sustainability levels and sustainability tasks that development aid NGOs are obliged to follow. This structure allows using information consistently for measuring, communicating, and learning, as well as reusing the information at different levels. The currently existing performance management undertakings of a development aid NGO are likely to integrate relatively smoothly into the Sustainability Measurement Framework with minimal adaptation.
- Understanding the project type of the implementation initiative, i.e. to what extent organizational development takes place (e.g. defining new sustainability understanding, establishing new ways of collaboration between volunteers and employees, implementing new management approaches such as attentive management, etc.), as well as the complexity and location of the project is important in order to design the implementation project for success.
- Despite the risks associated with iterative implementation, it offers significant opportunities: the approaches and tools can be implemented for each Sustainability Measurement Framework element step-by-step instead of all of them in one big project, and/or implementation can start with basic approaches and tools for each element and only later grow to the envisioned final level. This approach allows early success, learning during project implementation, and it minimizes failure as long as only minimum best practices exist.
- Details and boundaries of each sustainability level and each sustainability task must be clarified, and sustainability levels shall enjoy well-balanced efforts so that none of the levels unknowingly relies on too many resources.
- Trust from stakeholders is an important asset of development aid NGOs and it must be built and maintained systematically. The Sustainability Measurement Framework may not take trust adequately into consideration, however, it is flexible enough to incorporate respective measurements, communications and learning (in order to assess trust, as well as to build and maintain trust). Development aid NGOs that have special requirements regarding trust, e.g. being new or facing a crisis, may formally

extend the Sustainability Measurement Framework to accommodate these requirements.

A last consideration for the implementation of the Sustainability Measurement Framework is related to transparency. Transparency is one of the reasons why development aid NGOs that participated in the questionnaire did not allow further disclosure through interviews (see footnote 542). And while Foundation Green Ethiopia provides a significant level of information publicly⁵⁷⁴, and the representatives allowed open discussions during the interviews⁵⁷⁵, it also does not disclose any information regarding the overall performance management approach, including the application or the details of the Sustainability Measurement Framework. While this might be attributed to the limited resources that Foundation Green Ethiopia has, it might nevertheless be understood as indication that as of today, transparency regarding the performance management approach does not offer significant benefits for development aid NGOs. In order to validate this assumption, further research regarding transparency approaches of development aid NGOs is required, including detailed discussions of reasons behind different transparency approaches.

⁵⁷⁴ See the example of the annual report 2011 at <http://www.greenethiopia.org/cms/en/content/news/annual-report/> [accessed October 26, 2012]

⁵⁷⁵ See appendix XXVIII and XXIX

6 Conclusion

“The secret isn’t counting the beans; it’s growing more beans.”⁵⁷⁶

The objective of this thesis is to develop a measurement approach that supports the sustainability of development aid NGOs by simultaneously allowing for independently successful and impact-full interventions and projects, for balanced project portfolios, and comprehensive results at organization level, and for the continuous pursuit and implementation of the NGO’s mission and vision (see paragraph 1.2). Ultimately, all activities have to lead to fundraising success, i.e. supplying the development aid NGOs with sufficient financial resources to continue their projects (see paragraph 2.2.5.1). Instead of being in line with the first part of the expression ‘counting beans’, the Sustainability Measurement Framework aims to ‘grow more beans’, i.e. it supports development aid NGOs to constantly improve sustainability and impact by engaging in actions that help the poor lifting themselves out of poverty and foster searching for what works, by experimenting and thus allowing failure and learning, embedding feedback, communicating results transparently and therewith holding people and projects individually accountable for results, realigning funds to activities that have proved to be working, multiplying what works, and continuing searching how to change the lives of beneficiaries (see paragraph 1.1). This objective is summarized in the research hypothesis of this thesis:

A structured performance measurement framework allows development aid NGOs to outperform peer organizations regarding sustainability.

In order to address this hypothesis, five research questions were defined that jointly answer the hypothesis. In order to address the first research question, relevant sustainability dimensions were drawn from the theoretical analysis of organizational and managerial aspects of development aid NGOs, including challenges generated by their external environment as well as their internal challenges, sustainable development approaches, project management, particularities of development aid, performance measurement requirements, and performance approaches (see chapter 2). Chapter 3 combines these sustainability dimensions consisting of four sustainability levels (i.e. Project Initialization, Project Result, Organization, and Fundraising) and three sustainability tasks (Measure, Communicate, and Learn) into the Sustainability Measurement Framework. The framework is a matrix that development aid NGOs can use to implement performance- and

⁵⁷⁶ Roberto Goizueta (1931 – 1997), quoted in Easterly W. 2006, p. 210

sustainability-related approaches and tools for each of the matrix fields, i.e. for each combination of sustainability level and sustainability task, based on their individually defined sustainability understanding.

The theoretical discussions of chapter 2 answer the first research question, and the integration of sustainability levels and sustainability tasks including respective considerations of chapter 3 answer the second research question. The first and second research questions are:

1. What does management theory for development aid NGOs suggest as relevant sustainability dimension for development aid NGOs?
2. How may the sustainability dimensions and the management considerations of development aid NGOs be combined into a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?

The survey discussed in chapter 4 mirrors the theoretical findings regarding the first and second research questions from a practitioner's point of view. The applicable statistical measures confirm the theoretically derived sustainability dimensions as well as most of the theoretical considerations. Some of the theoretical considerations that were not explicitly asked for in the questionnaire were only confirmed by using proxies or to the extent possible given the scope of the questions (see paragraph 4.2). Different statistical methodologies not only confirm the structure of the Sustainability Measurement Framework, they also indicate that several alternative clustering approaches are not superior to the Sustainability Measurement Framework: the clustering approaches group development aid NGOs heterogeneously regarding different managerial aspects, i.e. while small NGOs may use best practices from medium-sized NGOs regarding project approaches, they should turn to NGOs with narrow project countries for best practices regarding project control. Therefore, clustering does not offer superior guidance for development aid NGOs regarding a majority of organizational and managerial aspects than the Sustainability Measurement Framework does (see paragraph 4.3). In summary, the results of the survey confirm the third and the fourth research question:

3. Do the theoretical assumptions and findings regarding managerial aspects for development aid NGOs hold true from a practitioner's point of view?
4. Do the sustainability dimensions suggested by management theory for development aid NGOs hold true from a practitioner's point of view?

Chapter 5 answers the last research question by assessing the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia, as well as the future potential of an extended implementation. Based on interviews, the analysis draws different suggestions for development aid NGOs to consider before starting their own implementation of the Sustainability Measurement Framework. Besides assessing the implementation at Foundation Green Ethiopia, the implementation suggestions also look at criteria that development aid NGOs require regarding performance management models, as well as how well other performance management models fulfill these criteria. In order to validate these suggestions on a broader scale, further comparison with additional implementations are necessary. Nevertheless, by concluding different suggestions for the implementation of the Sustainability Measurement Framework at other organizations, chapter 5 answers the fifth research question:

5. What considerations may be relevant for the implementation of a sustainability-related performance measurement framework that allows development aid NGOs to constantly assess, review, and increase sustainability?

The Sustainability Measurement Framework, which is the performance management approach that results from answering the five research questions, allows development aid NGOs to continuously manage and increase their sustainability. It further allows them tapping into the existing project management, financial accounting, and management accounting process where these processes offer the greatest leverage for planning, measuring, and increasing the overall sustainability of the development aid NGO. The framework serves as a practical compass, helping development aid NGOs to decide, implement, measure, assess, and continuously improve their performance management practices.

While the thesis answers all five research questions positive, and therewith tends to confirm the research hypothesis, application of the Sustainability Measurement Framework should still be considered carefully. Considerations relate to the organizational and managerial particularities of development aid NGOs that may not apply to all development aid NGOs to the same extent, to the understanding of sustainability which might require constant re-assessment and therewith adjustment of performance management approaches and tools, as well as to different areas that require further research. The following paragraphs will summarize these areas found throughout the thesis.

The first area for further research is related to the finding of the survey that NGOs which spend much effort on measurement, communication, and learning at Project Result level

have found ways for these efforts to positively influence sustainability as well as other managerial aspects (see paragraph 4.3.2.3). While previous research indicates that strategic performance management tools (instead of operational performance management tools) lead to increased sustainability (see paragraph 2.4.1), the details of strategic performance management are not part of the survey of this thesis. Therefore, additional research may look specifically at how certain strategic performance management approaches and tools, including their implementation and application, contribute to the sustainability of development aid NGOs. Such research may offer other development aid NGOs best practices to turn to when deciding on performance management approaches and tools, and guide them in designing learning approaches that allow constant advancements of the development aid NGO's sustainability.

A second area of further research is related to the theoretical considerations regarding organizational and managerial aspects of development aid NGOs that the survey only indirectly confirmed. Given the focus of the survey, the questions were not detailed enough to assess the following aspects in detail, which offer areas for further research:

- Second element of the time-to-achievement model (see paragraph 4.2.2.7), i.e. do development aid NGOs engage in minor long-term follow-up projects to ensure involvement? And if yes, how?
- Detailed aspects of the relationship and tensions between volunteers and employees (see paragraph 4.2.2.8), including respective leadership tasks, e.g. motivational leadership (see paragraph 2.2.5.3).
- Degree and aspects of customer orientation (see paragraph 4.2.2.9), including discussion who the customer is (the donors, the beneficiaries, or both), and on which markets development aid NGOs are active and what the influence of each market is on objectives, projects, and organizational dispositions (see appendix V).
- Application and importance of each of the five result grades (see paragraph 4.2.2.10).
- Particularities and risks of development aid projects (see paragraph 4.2.2.11).
- People aspects of development aid projects (are development aid projects people projects? See paragraph 4.2.2.13), including the importance of personnel in the triangle of project steering (see appendix XV).
- Application of operational and strategic performance management approaches and tools, including their degree of integration or separation (see paragraph 4.2.2.14).

A third area of further research is related to the structure of the Sustainability Measurement Framework. While the survey results reveal a clear correlation between sustainability levels,

sustainability tasks, and sustainability, the details of these correlations are only described to a limited extent (see paragraph 4.3.3). Such an assessment may start with an analysis of the different sustainability definitions that organizations apply (something that the survey of this thesis suppressed; instead the survey used questions regarding concrete sustainability measurements to cluster the answering NGOs), derive the concrete sustainability objectives from the respective definitions, and finally analyze in detail how Measure, Communicate, and Learn at Project Implementation, Project Result, Organization, and Fundraising level contribute, directly or indirectly, to these sustainability objectives.

The last two areas for further research are related to trust and transparency. Regarding trust, the open questions are how important development aid NGOs reckon trust to be and how they build and maintain trust, potentially for different stakeholders. Regarding transparency, the open questions are how transparent development aid NGOs effectively are, and how transparency is managed, and by what it is influenced. The assumptions are that building and maintaining trust currently is not regarded as important enough in performance management discussions for development aid NGOs, and that the interest for transparency is currently mediocre which hinders application of outside-oriented performance management on a broader scale. And if these assumptions hold true, performance management for development aid NGOs, including the Sustainability Measurement Framework, will only unfold its true potential once it can address trust and transparency in a way that suits the requirements of development aid NGOs.

Appendix I: Selected Sustainable Development Indicators

As described in paragraph 2.1.2, literature suggests a wide variety of indicators and indexes to measure sustainable development. At the same time, best-practices of applying such indicators and indexes suggest to critically analyze indicators regarding their applicability for the specific situation and the environment that they are intended to be used for, and if necessary to extend or enrich them. Therefore, the list of indexes and indicators continues to grow, and different organizations may use the same indicators and indexes in different ways. Besides providing a comprehensive set of indicators compiled by Tomáš Hák et al., this appendix shows later how Federico Pulselli et al. suggest combining different indicators in order to balance potential disadvantages of one indicator. As a third approach, I will introduce the Global Reporting Initiative (GRI), a framework that offers suggestions to organizations on how to report on their sustainability and performance. While the first two authors offer relatively detailed calculation approaches, the GRI framework offers a range of guidelines and best practices for organizations to adopt.

The list of commonly used sustainable development indicators suggested by Hák et al. is grouped into sets of indicators and individual indicators. The sets of indicators are further structured by sets at international, at national, as well as at regional and local level⁵⁷⁷:

1 Set of Indicators

1.1 Sets of Indicators at International Level

- ***CBD 2010 Target Indicators*** (Convention on Biodiversity): list of indicators agreed upon in the Convention on Biodiversity to evaluate chosen targets.
- ***EEA Core Set of Indicators*** (European Environment Agency): list of 354 indicators, 206 of them are for more developed areas, 148 for less developed areas.
- ***Environmental Pressure Indicators***: published by Eurostat, the Statistical Office of the European Union⁵⁷⁸, it is a list of 48 indicators covering nine fields of environmental policy.
- ***Eurostat Set of Sustainability Indicators***: list of 63 indicators, of which 21 are mainly social, 21 are mainly economic and 16 are mainly environmental (and five of them are of general nature).
- ***Global Environment Assessment and Reporting under the GEO Program*** (Global Environmental Outlook): analysis of environmental conditions around the world on the basis of environmental indicators.

⁵⁷⁷ Hák T. et al. 2007, p. 369

⁵⁷⁸ According to http://epp.eurostat.ec.europa.eu/portal/page/portal/about_eurostat/corporate/introduction [accessed May 9, 2009].

- ***Health System Achievement Index***: index based on 5 indicators for comparing health system performance in terms of overall achievement and distribution of the respective achievement.
- ***Indicators on Transport and Environment Integration in the EU***: comprehensive set of indicators regarding sustainability of transport.
- ***Indicators to Measure Decoupling of Environmental Pressure from Economic Growth***: list of 31 indicators, 16 indicators relate to decoupling of environmental pressure from total economic activity, 15 indicators focus on production and on four specific sectors (energy, transport, agriculture, and manufacturing).
- ***OECD Core set of Indicators***: list of key indicators (issues of common concern to OECD countries) and sector indicators (integration of environmental concerns into sector decisions).
- ***OECD Sustainable Consumption Indicators***: framework to structure the work on sustainable consumption indicators, resembled from other OECD work on sector indicators.
- ***Integrated Environmental and Economic Accounting Indicators***: accounting framework that comprises four categories of accounts with relevant indicators (accounts of material and energy flow, accounts relevant to good management of the environment, accounts for environmental assets, and accounts that consider how the existing system of national accounts might be adjusted to account for the impact of the economy on the environment).
- ***Set of Competitiveness Indicators***: set of indicators including country performance indicators, government and fiscal policy indicators, institutional indicators, infrastructure indicators and human resource indicators.
- ***Set of UNDP Indicators*** (United Nations Development Programme): Indicators of the Human Development Index⁵⁷⁹ complemented with a set of predominantly social indicators, arranged according to the level of human development as quantified by the Human Development Index.
- ***Structural Indicators***: list of 42 indicators organized along five policy domains and some economic background. Used as progress report for the EU's strategic goal "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion".
- ***The Balaton Group Indicators***: list of 33 indicators, using the "Daily Triangle" as an integrating framework. This triangle creates a hierarchy from ultimate means

⁵⁷⁹ The Human Development Index is used to compile the Human Development Report, see <http://hdr.undp.org/en/> [accessed May 9, 2009].

(natural capital) to ultimate ends (well-being) and to relate nature health to human activity (technology, economy, politics, and ethics).

- ***UNCSD Theme Indicator Framework and Specified Indicators*** (United Nations Commission for Sustainable Development): list of 58 indicators and related methodology sheets.
- ***World Bank Development Indicators***: list of approximately 800 indicators organized in six sections: World View, People, Environment, Economy, States and Markets, and Global Links.
- ***WRI World Resources*** (World Resources Institute): yearly publication, each publication having its own sub-focus, presenting information on poverty, inequality and food security, as well as including indicators of potential risks to human health from environmental threats, social indicators of development, and basic economic indicators.
- ***Sustainability Dashboard***: free, noncommercial software application with more than 60 indicators allowing to present complex relationships between economic, social and environmental issues in a highly communicative format.
- ***Economy-wide Material Flow Indicators***: indicators based on a material flow analysis which quantifies physical exchange between the national economy, the environment, and foreign economies on the basis of total material mass flowing across the boundaries of the national economy.

1.2 Sets of Indicators at National Level

- ***Headline Indicators of Sustainable Development for the UK***: list of 15 indicators covering the three rings of sustainable development (economic growth, social progress and environmental protection).
- ***National Sustainable Development Indicators for Finland***: list of 83 indicators, with links between the indicators, addressing the identified issues regarding the following three dimensions of sustainable development: environmental, economic, and socio-cultural.
- ***Sustainable Development Indicators for Sweden***: indicators encompassing economic, environmental and social dimensions regarding four themes: (1) efficiency, (2) contribution and equality, (3) adaptability, and (4) values and resources for coming generations.
- ***Indicators of Sustainable Development for the Netherlands***: indicators organized along the two axes socio-cultural (financial-economic and ecological-environmental) and time and geography (here and now, here and later, elsewhere, now and later). It focuses on themes important for future generations ('later') and on

the influence of exports, imports, and financial flows on others, especially developing, countries ('elsewhere'): here and now, here and later, now and later.

- ***Indicators of Sustainable Development for the Czech Republic***: list of 63 indicators divided into three categories (environmental, social and economic).
- ***Environmental Performance Indicators for New Zealand***: indicators to measure and report the pressures being put on the environment, the current and historical state of the environment, and the effectiveness of any responses made to protect or repair the environment.
- ***Canada's national Environmental Indicator Series***: indicators divided into four categories: environmental life support systems, human health and well-being, natural resources sustainability, and human activities.

1.3 Sets of Indicators at Regional and Local Level

- ***European Common Indicators***: list of 10 common local sustainability indicators, to be used in combination with other indicators and other evaluation methods towards a comprehensive monitoring strategy.
- ***Regional Versions of the UK National Headline Indicators of Sustainable Development***: regional information for the fifteen headline issues according to the Headline Indicators of Sustainable Development for the UK (see above). If reproduction of the national indicator is not possible at a regional level, proxy information is used.
- ***Set of Urban Indicators***: City level data to report on progress in twenty key areas. In the minimum set, two different types of data are included: key indicators (indicators important for policy and easy to collect) and qualitative data (audit questions generally accompanied by checkboxes for yes or no answers).

2 Individual Indicators

- ***City Development Index***: measure of average well-being and access to urban facilities by individuals.
- ***Corruption Perception Index, Global Corruption Barometer, and Bribe Payers Index***: perceptions regarding (expected) level of corruption, i.e. attitudes that the general public forms about corruption, and how significantly corruption affects personal and family life, and propensity of companies from top exporting countries to bribe in emerging markets.
- ***Dow Jones Sustainability Index***: first global indices tracking the financial performance of the leading sustainability-driven companies worldwide.

- ***Ecological Footprint***: The ecological footprint of a specified population is defined as the area of ecologically productive land needed to maintain its current consumption patterns and absorb its wastes with the prevailing technology.
- ***Environmental Space***: total amount of energy, nonrenewable resources, agricultural land, and forests that each person in a given population can use without causing irreversible environmental damage or depriving future generations of the resources they will need.
- ***Environmental Sustainability Index***: list of 20 core indicators, each combining two to eight variables, to measure the overall progress toward environmental sustainability.
- ***Freedom Country Scores***: Checklist of questions on political rights and civil liberties that are derived in large measure from the Universal Declaration of Human Rights.
- ***Genuine Progress Indicator (GPI)***: by making 27 adjustments to Gross Domestic Product (GDP), it claims to provide a better indicator for well-being.
- ***Genuine Savings***: Genuine Savings is calculated by subtracting natural resource depletion and pollution damages from net savings (net savings is gross saving minus the value of depreciation of produced assets). Resource depletion is measured as the total rents on resource extraction and harvest. The rationale of the Genuine Savings approach is that persistently negative rates of Genuine Savings must lead to declining well-being.
- ***Gross Domestic Product (GDP)***: GDP represents the total value of the goods and services produced by an economy over some unit of time (it does not consider imports or exports in the calculation).
- ***Growth Competitiveness Index (GCI)***⁵⁸⁰: GCI is calculated by combining the following three estimated indices, based on hard public available data and from surveys: technology index, public institutions index, and macroeconomic environment index.
- ***Human Development Index***: summary composite index that measures a country's average achievements in three basic aspects of human development: longevity (life expectancy at birth), knowledge (adult literacy rate, gross school enrollment ratio), and standard of living (GDP per capita).
- ***Index of Environmental Friendliness***: general model for aggregating direct and indirect pressure data to problem indices and to an overall index. The scope of the model is designed to cover the key environmental problems related to the

⁵⁸⁰ also called and Business Competitiveness Index (BCI)

greenhouse effect, ozone depletion, acidification, eutrophication, ecotoxicological effects, resource depletion, photo-oxidation, biodiversity, radiation, and noise.

- ***Index of Sustainable Economic Welfare***: indicator for economic welfare, based on adjusted personal consumption spending, that represents an attempt to measure the underlying economic, social and environmental factors that create progress.
- ***Living Planet Index***: an indicator promoted by the World Wildlife Fund (WWF) trying to assess the overall state of the earth's natural ecosystem, which includes national and global data on human pressures on natural ecosystems arising from the consumption of natural resources and the effects of pollution. It measures primarily abundance and is derived from an aggregate of three different indicators of the state of natural ecosystems: the area covered by the world's natural forests, populations of freshwater species around the world, and populations of marine species around the world.
- ***Natural Capital Index***: natural capital is defined as the product of ecosystem quantity and quality. Ecosystem quality is calculated as a function of ecosystem quality variables such as abundance of various species, ecosystem structures, and species richness. It is expressed as the ratio between the current and a baseline state.
- ***Well-Being Index***⁵⁸¹: combination of Human Well-Being Index and Ecosystem Well-Being Index to measure how much human well-being is obtained for the amount of stress placed on the environment. The Human Well-Being Index is calculated with 36 indicators regarding health, population, wealth, education, communication, freedom, peace, crime, and equity. The Ecosystem Well-Being Index is calculated with 51 indicators regarding land health, protected areas, water quality, water supply, global atmosphere, air quality, species diversity, energy use, and resource pressures.

In contrast to Hák, Pulselli et al. see some of these indicators as one-sided and therefore to be inappropriate to measure all three dimensions of sustainable development, e.g. GDP only represents the economic dimension of sustainability. To balance the limitations of such one-sided indicators, Pulselli et al. suggest using them only in combination with additional indicators, for GDP such additional indicators shall describe the social and environmental dimension of sustainability. Pulselli et al. list the following indicators as being well-suited to complete GDP and therewith provide a better overall picture of sustainable development⁵⁸²:

⁵⁸¹ also called Barometer of Sustainability

⁵⁸² Pulselli F. et al. 2008, pp. 113ff

- ***Genuine progress indicator*** (see above)
- ***Human Development Indicator*** (see above)
- ***Index of Economic Freedom*** (see above)
- ***Index of Sustainable Economic Welfare (ISEW)***: ISEW is an attempt to highlight quality of life rather than economic welfare. It corrects certain aspects of GDP (social costs due to air and water pollution, long-term environmental damage, defensive private expenditures on health and education, as well as deterioration of renewable and depletion of non-renewable natural resources). The following items compose the ISEW: year of reference, private consumption, inequality index, weighted private consumption, domestic labor, services of consumer durables, services from public infrastructure, public expenditure on health and education, expenditure on consumer durables, private defensive expenditure on education and health, national expenditure for advertising, commuting costs, costs of urbanization, costs of road accidents, costs of water pollution, costs of air pollution, costs of noise pollution, loss of wetlands, loss of agricultural land, depletion of non-renewable resources, long-term environmental damage, and net capital growth.

While the authors of the above indicators see them to be effectively applicable to the intended situations (e.g. set of indicators at international level), the Global Reporting Initiative (GRI)⁵⁸³ has developed a framework for organizations that defines, based on respective principles and guidelines, a transparent combination of general and specific indicators for each organization, i.e. it “sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance”⁵⁸⁴. The cornerstone of the GRI Sustainability Reporting Framework (see figure 14) is the Sustainability Reporting Guidelines.

The Sustainability Reporting Guidelines provide guidance for organizations to disclose their sustainability performance (through indicators) and they are applicable to organizations of any size or type, and from any sector or geographic region. The core guidelines are in their third generation (“G3”) and were released in October 2006 following a three year, innovative development period that engaged more than three thousand individuals from diverse sectors worldwide⁵⁸⁵.

⁵⁸³ The Global Reporting Initiative's vision is “that disclosure on economic, environmental, and social performance become as commonplace and comparable as financial reporting, and as important to organizational success” (<http://www.globalreporting.org/AboutGRI/> [accessed August 23, 2010]).

⁵⁸⁴ <http://www.globalreporting.org/AboutGRI/WhatIsGRI/> [accessed August 23, 2010]

⁵⁸⁵ <http://www.globalreporting.org/ReportingFramework/ReportingFrameworkOverview/> [accessed August 23, 2010]

G3 Reporting Framework

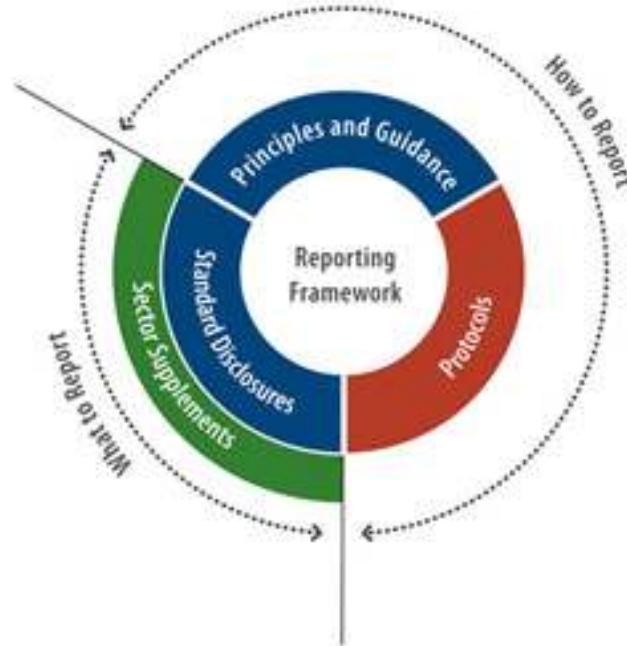


Figure 14: GRI Reporting Framework (GRI website⁵⁸⁶)

Besides the Sustainability Reporting Guidelines (consisting of ‘Principles and Guidance’ as well as ‘Standard Disclosures’, i.e. instructions and suggestions as well as defined set of measurements to report on), the framework includes ‘Protocols’ and ‘Sector Supplements’. Protocols include definitions for key terms of the indicator, compilation methodologies, intended scope of the indicator, as well as other technical references. Sector Supplements, responding to the limits of a one-size-fits-all approach, complement the core guidelines by capturing the unique set of sustainability issues faced by different sectors such as mining, automotive, banking, or public agencies⁵⁸⁷.

Sustainability reports based on the GRI Reporting Framework disclose outcomes and results that occurred within the reporting period in the context of the organization’s commitments, strategy, and management approach. Examples of purposes that the reports can be used for include⁵⁸⁸:

- **Benchmarking** and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives,
- **Demonstrating** how the organization influences and is influenced by expectations about sustainable development, and

⁵⁸⁶ <http://www.globalreporting.org/ReportingFramework/ReportingFrameworkOverview/> [accessed August 23, 2010]

⁵⁸⁷ <http://www.globalreporting.org/ReportingFramework/ReportingFrameworkOverview/> [accessed August 23, 2010]

⁵⁸⁸ GRI Sustainability Reporting Guidelines 2006, p. 3

- **Comparing** performance within an organization and between different organizations over time.

Reporting using the GRI framework requires organizations to follow a two-step approach: step one defines reporting principles and guidelines, and step two concerns standard disclosures. Step one consists of four sub-steps: (1) determine what to report on, including reporting principles of materiality, stakeholder inclusiveness, sustainability context, and completeness, along with a brief set of tests for each principle. The application of these principles determines (2) the content of the report, i.e. the topics and indicators to be reported on. This is followed by (3) establishing principles of balance, comparability, accuracy, timeliness, reliability, and clarity, along with tests that can be used to help achieve the appropriate quality of the reported information. Step one concludes with (4) defining the range of entities represented by the report⁵⁸⁹.

Step two of the reporting contains the standard disclosures that should be included in sustainability reports. The GRI guidelines define the three types of standard disclosures to be relevant and material to most organizations and to be of interest to most stakeholders⁵⁹⁰:

- **Strategy and Profile:** disclosures such as the organization's strategy, profile, and governance that set the overall context of the organization and therewith allow for a general understanding of the organizational performance.
- **Management Approach:** disclosures that cover how an organization addresses a given set of topics in order to provide context for understanding performance in a specific area.
- **Performance Indicators:** indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

The standard disclosures as required by step two of applying the GRI framework subsequently lead to organizations reporting not on context only (strategy & analysis; report parameters, governance, commitment, and engagement; as well as management approach), but also on results (economic; environmental; labor practices and decent work; human rights, society; as well as product responsibility)⁵⁹¹. But instead of providing detailed descriptions and instruction on how to calculate the reporting figures, the GRI framework describes what the respective report sections are expected to answer. In addition, GRI provides a list of test questions (e.g. "The original source of the information

⁵⁸⁹ GRI Sustainability Reporting Guidelines 2006, p. 4

⁵⁹⁰ GRI Sustainability Reporting Guidelines 2006, p. 5

⁵⁹¹ GRI Sustainability Reporting Guidelines 2006, p. 19

in the report can be identified by the organization.” is one out of four test question for the reliability of the reporting quality⁵⁹²), and it suggests well over 100 performance indicators for organizations to select from and to be potentially used in the report (e.g. “Emissions of ozone-depleting substances by weight.” is an indicator in the environmental result section, under the heading/aspect: emissions, effluents, and waste⁵⁹³). Adding sector specific requirements, e.g. for NGOs, extends the indicators by approximately another 40 indicators⁵⁹⁴.

Looking at an example of GRI reporting, Nestlé provides in the 2009 annual report 29 indicators that correspond in full or partly to a GRI G3 framework⁵⁹⁵. And knowing that it currently complies with only a minority of the GRI G3 framework, Nestlé expresses to further align its reporting with the GRI G3 framework⁵⁹⁶. In the annual report Nestlé complies with 43 GRI measures⁵⁹⁷ (however, the total environmental and social performance reports on 56 measures) and the GRI plays a critical role in demonstrating Nestlé’s commitments on governance, environmental, social, ethical and sustainability issues⁵⁹⁸. Nevertheless, the example of Nestlé demonstrates that GRI seems too broad to offer a comprehensive set of information across companies to allow for comparison. However, current GRI implementations seem to allow for powerful assessment on how an organization performs regarding the indicators that it has decided to report on.

⁵⁹² GRI Sustainability Reporting Guidelines 2006, p. 17

⁵⁹³ GRI Sustainability Reporting Guidelines 2006, p. 28

⁵⁹⁴ GRI Sustainability Reporting Guidelines & NGO Sector Supplement 2006, pp. 2ff

⁵⁹⁵ Nestlé Annual Report 2009, Part 4 Creating Shared Value Summary Report 2009, pp. 2ff

⁵⁹⁶ Nestlé Annual Report 2009, Part 4 Creating Shared Value Summary Report 2009, p. 6

⁵⁹⁷ Nestlé Annual Report 2011, Part 3 Creating Shared Value Summary Report 2011, p. 2f

⁵⁹⁸ Nestlé Annual Report 2011, Part 1 Director’s Report 2011, p. 8

Appendix II: Agenda 21 sustainability indicators for LDCs

This appendix provides an illustrative example of a set of indicators to assess sustainability. The example shows the indicators that are used to assess the status of the Agenda 21 initiative for least developed countries (LDCs):

Social	Environment
population growth rate	protected land area
% population in urban areas	mammals and birds
population living below poverty line	CO ₂ emissions
GINI coefficient of income distribution	other GHGs emissions
Unemployment	CFCs
female/male manufacturing wages	urban air pollution
underweight children	arable and permanent cropland
child mortality rate	fertilizer consumption
life expectation at birth	pesticides
adequate sewage disposal	forest area
access to piped water	wood harvest intensity
access to health care	deserts and arid land
child immunization	informal urban settlement
contraceptive prevalence	phosphorus in urban water
persistence to grade 5	population in costal areas
secondary schooling	aquaculture as % of fish production
literacy rate, adult total	use of renewable water
floor area in main city	BOD in water bodies
homicides and crime	fecal coliform in urban water
	key ecosystems (IUCN I - III)

Economic	Institutional
private motoring to work	number of series in CSD framework
income per capita	strategic implementation of SD
investment	Membership in environmental
current account balance	intergovernmental organizations
external debt	internet users
official development aid	telephone mainlines
direct material input	research & development expenditure
commercial energy use	human cost of natural disasters
renewable energy resources	damage from natural disasters
energy efficiency of GDP	
adequate solid waste disposal	
hazardous waste generated	
nuclear waste	
waste recycling	

Table 29: Agenda 21 Sustainability Indicators for LDCs by Sustainability Pillars (Jesinghaus 2007)⁵⁹⁹

⁵⁹⁹ Jesinghaus J. 2007, pp. 87ff

Appendix III: Aid Definition

Aid is defined as “transfer to poorer countries” (poorer countries are defined as being Part 1 countries in OECD’s Development Assistance Committee (DAC) terminology, which are broadly corresponding to low and middle income countries)⁶⁰⁰. Kharas explains that such a definition of aid includes administrative overhead costs of development agencies, their domestic efforts to advocate for more assistance (i.e. fundraising efforts), as well as grant elements (total funds transferred seem to include a grant element of at least 25%)⁶⁰¹. In addition, the definition includes debt forgiveness on non-concessional flows⁶⁰², emergency assistance, as well as food aid⁶⁰³. The definition also includes technical assistance, which Kharas sees to be considerable and which reflects costs in the form of salaries in the rich country (sometimes topped up by hardship allowances) rather than benefits in the recipient country⁶⁰⁴. Aid calculations do typically not include financing of official export credit agencies⁶⁰⁵, as well as non-concessional financing of development banks⁶⁰⁶. In summary, aid is defined from the donor’s perspective (i.e. the amount of money that has been spent), not from the beneficiary’s perspective (what benefits did arise from the money that was invested).

Besides aid funds flowing from relatively richer countries to relatively poorer countries, reverse flows do also exist (the most significant ones being repayments). The term net aid describes such bi-directional flows and it is calculated as the transfers to poor countries less the amount of reverse flows⁶⁰⁷. In reality, not all net aid is available to developing countries. The difference of net aid and what is effectively available to implement agreed upon projects includes special purpose flows such as administrative costs of aid agencies, humanitarian aid and emergency relief, food aid, technical cooperation, and debt relief (concessional flows)⁶⁰⁸. The term country programmable aid (CPA) describes the effective aid money that is available to a certain country⁶⁰⁹. Calculating the difference between net aid and CPA for official development aid (ODA, defined as aid grants or concessional loans

⁶⁰⁰ Kharas H. 2007, p. 6

⁶⁰¹ Kharas H. 2007, p. 6

⁶⁰² Debt forgiveness on non-concessional flows is treated as aid, even it is in reality a flow directly from one branch of government in rich countries to another agency in rich countries – typically from the Treasury Agency to the Official Export Credit Agency. Such aid figures typically include amounts associated with notional interest and penalty payments, sometimes even accumulated over years of non-repayment (Kharas H. 2007, p. 6).

⁶⁰³ Emergency aid and food aid is usually evaluated at donor country prices, which are typically much higher than the prices in the developing countries (Kharas H. 2007, p. 6).

⁶⁰⁴ Kharas H. 2007, p. 6

⁶⁰⁵ Such financing is excluded because the respective flows are non-concessional (Kharas H. 2007, p. 6).

⁶⁰⁶ Kharas H. 2007, p. 6

⁶⁰⁷ Kharas H. 2007, p. 6

⁶⁰⁸ Kharas H. 2007, p. 7

⁶⁰⁹ Kharas H. 2007, p. 6

provided by the official sector⁶¹⁰), Riddell concludes that a significant part of ODA does not arrive at recipient countries, thus CPA is relatively small compared to net aid. Examples of differences include⁶¹¹:

- In 2003, only USD 17.4 bn out of a little over USD 60 bn total ODA reached recipient country government budget.
- In 2003, 60% of all ODA to Mali did not appear in any part of Mali's national accounting system.
- Between 2001 and 2003, bilateral aid (definition see below) to Africa rose by 25%, yet the amount available to African Governments fell by USD 400 m⁶¹².

In addition to Riddell's example, Kharas analyzes CPA of DAC members. For 2005⁶¹³, he conservatively estimates all special purpose flows and subtract them from ODA. He calculates that only about USD 19 bn out of the USD 38.4 bn ODA have actually reached the beneficiaries (i.e. CPA is only 50% of ODA)⁶¹⁴.

After this introduction of aid definitions and illustrative calculations, I now look at the different types of aid. According to Riddell, aid can be described as three different worlds⁶¹⁵:

- Official Development Aid (ODA): aid, grants or concessional loans provided by the official sector (governments and inter-government agencies). This includes humanitarian aid (i.e. contribution to human welfare) and emergency relief (i.e. aid for disasters) provided by the official sector.
- Development Aid: aid funds provided or used for development purpose, provided by non-governmental organizations (NGOs).
- Humanitarian Aid and Emergency Relief: aid funds used for, or intended for, humanitarian and emergency purposes, provided by UN agencies, Red Cross movements, or NGOs.

These three worlds are overlapping (e.g. ODA overlaps with humanitarian aid and emergency relief). Riddell further concludes that most definitions used for aid are broad catch-all descriptions of donor driven intentions. While some more narrow definitions do

⁶¹⁰ Riddell R. 2007, p. 8

⁶¹¹ Riddell R. 2007, p. 20

⁶¹² The respective calculation of Mucke for ODA from Germany takes into accounts inflation, foreign exchange rate effects, costs for exchange students, and first year's costs of asylum seekers (Mucke P. 2006, pp. 2f).

⁶¹³ While total ODA in 2005 was USD 104.1 bn, CAP of DAC members amounted to USD 38.4 bn (Kharas H. 2007, p. 14).

⁶¹⁴ Kharas H. 2007, p. 15

⁶¹⁵ Riddell R. 2007, p. 8 for donors and Riddell R. 2007, p. 21 for purposes

exist, they unfortunately tend to be driven and shaped by particular interests⁶¹⁶. Therefore, definitions are not agreed upon regarding purpose, concessionality, or type of recipients⁶¹⁷, which allows donors to continuously base their decision regarding how to dispense aid on their own individual wishes instead of involving the recipients⁶¹⁸. While other authors separate the worlds of aid slightly different, the inherent problem of donor-orientation remains⁶¹⁹.

The terms bilateral and multilateral OAD describe the relationship between the donor and the recipient in OAD situations. Bilateral aid describes ODA that is provided directly by the government (i.e. through their official aid agencies such as USAID, AusAID, DFID, etc) to aid-recipient countries. Riddell's analyzes 75% of ODA to be bilateral aid. The remaining 25% of ODA is multilateral aid, which describes aid funds that are provided to the recipients through an international organization or agency, so called multilateral agencies⁶²⁰. Three groups of multilateral agencies exist⁶²¹:

- International financial institutions, the two biggest being the World Bank Group and the International Monetary Fund (IMF),
- UN agencies, and
- Other organizations and agencies (very few in number, with limited funds, but growing).

While statistically the UN agencies seem to be the most important group of multilateral agencies, the importance of the international financial institutions is understated. Unlike UN agencies, financial institutions not only provide ODA, they also grant non-concessional loans to ODA-qualifying countries, and such loans are often used to support aid projects similar to those funded with ODA⁶²². Therefore, the financial institutions do have significant indirect power regarding the conditions of how international aid is granted and implemented, as well as regarding which countries do benefit from international aid and to what extent. The influence of the other organizations and agencies comes either through governmental funding to or government control over such organizations and agencies⁶²³.

⁶¹⁶ Riddell R. 2007, pp. 17f

⁶¹⁷ Riddell R. 2007, p. 20

⁶¹⁸ Riddell R. 2007, p. 51

⁶¹⁹ A prominent example includes Moyo, suggesting to classify aid into the following three types: (1) Humanitarian Aid and Emergency Relief: in response to catastrophes and calamities; (2) Charity-based Aid: disbursed by charitable organizations to institutions or people on the ground; and (3) Systematic Aid: aid payments made directly to governments, either granted as bilateral aid or as multilateral aid (Moyo D. 2009, p. 7).

⁶²⁰ Riddell R. 2007, p. 51

⁶²¹ Riddell R. 2007, p. 78

⁶²² Riddell R. 2007, p. 79

⁶²³ An example of an organization that receives significant funding from governments is the UK organization Oxfam that is funded by the UK Department for International Development with almost 28 million British Pounds between

Appendix IV: Nonprofit Organization (NPO)

Besides the economic sector, driven by markets, and the governmental sector, driven by political decisions, a third sector exists, which consists of all organizations that are neither economic nor governmental in nature. Organizations of this sector are referred to as Nonprofit Organizations (NPOs)⁶²⁴. While multiple definitions for NPO do exist, their only commonality is the agreement that the not profit making and not profit distributing characteristics are neither sufficient nor required to define an organization as NPO.

According to the classification above, the third sector holds a broad range of organizations, legal structures, interests, goals, funding, and services. It is broad enough to capture different voluntary and socially oriented organizations, such as churches or small football clubs under the NPO umbrella. While such a definition approach is too broad for the purpose of this thesis, the thesis repeatedly depends on NPO-related literature and respective research to draw learning for development aid NGOs. In order to provide the necessary theoretical context for the review of NPO literature, the following paragraphs discuss and introduce NPO definitions.

While according to Peter Schwarz a classification of NPOs by legal structure, services, or funding/financing⁶²⁵ does allow a more structured analysis of the specifics of each NPO group, it has two significant limitations. First, the grouping does not necessarily help to derive a definition for NPOs⁶²⁶. And secondly, a diversified organization may span across multiple of these groups, which makes mapping such diversified organizations into the

2008 and 2011 through its Partnership Programme Arrangement (DFID 2009). An example of an organization controlled by the government is the German Organization GTZ which is a limited company fully owned by the German Government (GTZ 2009).

⁶²⁴ Drucker P. 2005, p. xiv, see also Wex T, 2004, pp. 5ff

⁶²⁵ Schwartz suggests the following NPO classification (Schwarz P. 2005, p. 29):

- Governmental NPOs: providing public services (e.g. ministries, public transportation, hospitals, schools, museums, etc.).
- Para-governmental NPOs: providing delegated public services, sometimes membership is mandatory (e.g. chamber of commerce, social security agencies in some countries, etc.).
- Private NPOs:
 - Economic NPOs: promoting or representing economic interests of members (e.g. lobbying associations, unions, etc.).
 - Socio-cultural NPOs: conducting activities related to social or cultural interests of members (e.g. sport clubs, churches, leisure time clubs, private clubs, etc.).
 - Political NPO: conducting activities related to political interests of members (e.g. political parties, environmental group, etc.).
 - Social NPO: providing charitable or free, non-commercial supporting services to needy (e.g. aid organizations for handicapped, addicts, disadvantaged, discriminated, or poor; development aid organizations; social welfare institutions; self-help groups; etc.).

⁶²⁶ Schwarz P. 2005, p. 29

above-mentioned structure impossible⁶²⁷. Concluding that classification and grouping does not sufficiently contribute to a NPO definition, Schwarz instead suggests a list of eight characteristics that he sees as defining elements of a NPO⁶²⁸: (1) purpose- and objective-orientation; (2) an open context-dependent system; (3) a productive system; (4) a social system; (5) a formal organization; (6) certain element of membership-based and voluntary leadership; (7) a federal structure; and (8) production of public goods. If an organization shows all of these eight characteristics, it can be seen as NPO.

Many authors follow Schwarz by suggesting a list of characteristics that define NPOs. Timo Beyes and Urs Jäger compare lists of characteristics suggested by ten different authors⁶²⁹ (see table 30). The comparison shows that the following four characteristics are most often used to define NPOs: services (used by 8 authors), financing (used by 7 authors), targets (used by 6 authors) and employees (used by 6 authors).

While the analysis clearly concludes these four top-criteria for NPO definition, only two authors, Schwarz and Horak, mention all four of these criteria as important for a NPO definition approach. Having only two authors using all of the four top-criteria may be understood as an indicator that definition approaches for NPOs using a list of characteristics still leads to definition approaches with small similarities. Furthermore, the analysis shares little agreement with current scientific research (e.g. the John Hopkins Comparative Nonprofit Sector Project⁶³⁰). According to Patricia Siebart, such research currently suggests the following characteristics⁶³¹: (1) minimal formal structure, (2) public appearance, (3) private sponsorship, (4) autonomy, (5) no profit distribution⁶³², and (6) voluntarism (which essentially has no overlap with the four criteria found by Beyes/Jäger).

⁶²⁷ Given the range of services, the multi-dimensional funding, as well as the complex organizational structure, Spitex, a Swiss NPO, may serve as an example of such a diversified organization spanning across multiple groups. Spitex provides nursing and medical services for patients staying at home. **Services:** the range of Spitex services includes health services under the order of government, health services under the order of private insurances, selling of market-based services in competition with other providers, membership services, as well as campaigning and lobbying. **Funding:** through government by providing health services under the order of the government, through health insurance by providing health services under the order of the insurance, through government and private donation, through membership fees, as well as through selling of products and services. **Human Resources/Employees:** Spitex employs a variety of staff as well as volunteers; there are different boards and steering committees with experts, economists, volunteers, as well as other stakeholders and members. **Organization:** Spitex is a conglomerate of local associations, regional groups, cross-functional committees and special projects (Source: various parts of the Spitex website <http://www.spitex.ch> [accessed May 9, 2009]).

⁶²⁸ Schwarz P. 2005, pp. 33ff

⁶²⁹ Beyes T./Jäger U. 2005, p. 636

⁶³⁰ The Johns Hopkins Comparative Nonprofit Sector Project is the largest systematic effort to analyze the scope, structure, financing, and impact of the nonprofit activity throughout the world in order to improve knowledge and enrich theoretical understanding of the NPO sector, and to provide a sounder basis for both public and private action (<http://www.ccss.jhu.edu/index.php?section=content&view=9&sub=3> [accessed May 12, 2009]).

⁶³¹ Siebart P. 2006, p. 30

⁶³² A majority of authors seems to agree that NPOs may generate profits, however NPOs shall not distribute this profit to members or owners (Salamon L./Anheier H. 1992, p. 11).

Autors	Markings	Badelt (1997)	Zimmer (1996)	Schwarz (1996)	Blümle/Halm/Schnyder (1996)	Scheuch (1993)	Horak (1993)	Salamon/Anheier (1992)	Burja (1989)	Reichard (1989)	Hasitschka/Hruschka (1982)
Classification Criteria											
Context											
Market oriented	1					X					
Objective											
Targets / Main Targets	6	X		X		X	X	X		X	
Social Results	1	X									
Type of Interests	1				X						
Fields of Activities											
Activities	1				X						
Beneficiaries	5				X	X	X		X		X
Services	8		X	X	X	X	X		X	X	X
Organization											
Participation	1							X			
Ownership	5				X		X	X	X		X
Legal form	3				X		X		X		
Structure	4				X		X	X	X		
Size	2				X		X				
Ressources											
Financing	7	X	X	X	X		X	X	X		
Tax	2	X					X				
Employees	6		X	X			X		X	X	X
Use of Technology	1		X								
Decisions											
Decision-making process	4		X	X				X		X	
Performance Measurement	1			X							

Table 30: NPO Classification (Beyes/Jäger 2005)

Thomas Peter sees lists of characteristics to fall short for defining NPOs. According to Peter, the genuine characteristic of NPOs is their intellectual claim of leadership. Therefore, NPOs shall not be seen as institutional alternative and response to market failure or governmental in-activity, they rather exist to establish, disseminate, propagate, and anchor beliefs, ideologies and normative positions⁶³³. Therefore, the founder person is very important for identification and orientation purposes. Peter compares NPOs with lighthouses, providing identification and orientation, with the founding person being important as the guarantor for these beliefs, ideologies and positions⁶³⁴. While this normative NPO understanding is distinct different than the ones of author authors, Peter does not offer any definition for his NPO understanding.

⁶³³ Peter T. 2008, p. 16

⁶³⁴ Peter T. 2008, p. 16

Peter Drucker does not particularly like the term nonprofit because it is a negative term and it only states what the organizations are not⁶³⁵. He also abandons approaches to define NPOs by comparing their characteristics with businesses or governmental organizations⁶³⁶. Instead, he suggests defining NPOs by their product: the change of human beings. This change is what sets NPOs clearly apart from business (which supply goods or services, and which are discharged when the customer is satisfied) as well as from governments (which provide control, and which are discharged when its policies are effective)⁶³⁷. Therefore, a NPO is a human change agent, and its product is a cured patient, a child that learns, a young woman or man grown up into a self-respecting adult, a changed human life altogether⁶³⁸. And the objectives are the reason why volunteers contribute their time for a NPO. Volunteers want to support these noble objectives, and they feel to be part of a community when contributing their time for a NPO. Therefore, Drucker widens the understanding of NPOs: they are not independent institutions, instead they are representations of the American community⁶³⁹.

The discussion of definition approaches reveals that little agreement on applicable definition approaches exist. Therefore, the NPO definition to be used for this thesis shall be rather generic: *NPOs are organizations with the core mission to change human lives, i.e. to bring change to people's lives*. This definition essentially holds two defining elements: first, NPOs are organizations with a certain purpose, structure and with people working for this organization with division of labor in order to achieve the objectives. And secondly, the purpose of the organization is to serve as a change agent as described by Drucker.

This definition shall serve to assess literature and approaches for sustainability and measurement approaches regarding their valid application to development aid NGOs (in cases when no NGO-specific literature exists).

⁶³⁵ Drucker P. 2005, p. xiv

⁶³⁶ According to Drucker the greatest single difference between the nonprofit sector and business and government is the source of money: while businesses raise money by selling products and services to their customers and governments use their power to raise taxes, NPOs raise money from donors (at least a large portion) who want to participate in the case but who are not beneficiaries (Drucker P. 2005, p.56).

⁶³⁷ Drucker P. 2005, p. xiv

⁶³⁸ Drucker P. 2005, p. xiv

⁶³⁹ Drucker P. 2005, p. xviii

Appendix V: St. Gallen Management Model for development aid NGOs

The St. Gallen Management Model (SGMM) was developed by Professor Johannes Rüegg-Stürm⁶⁴⁰, based on work of previous professors at the University of St. Gallen, Switzerland⁶⁴¹. Before applying the model to the development aid NGOs, it is necessary to analyze if the definitions of development aid NGOs in this thesis do match the underlying principles of the model as well as the purposes the model intends to serve.

Rüegg-Stürm compares models with maps, being based on signatures that represent certain aspect of reality. For the example of terrain, Rüegg-Stürm describes that “signatures do not, therefore, have anything to do with the terrain itself, they rather are constructed, commonly agreed symbols, signs, and definitions. They serve the reconstruction of a terrain with respect to successfully fulfilling specific purposes”⁶⁴². Therefore, while using the model, the users must keep the limitations of such maps in the back of their mind, e.g.⁶⁴³: map does not specify what the user has to do (it does not provide a formulae), the symbols used depend on the purpose of the map, the map highlights important things and therewith reduces complexity, the map covers a certain area only, users have to choose which map is appropriate for the specific purpose, and the map is not right or wrong, rather it is more or less appropriate for the specific context and for the associated tasks.

Based on this comparison, Rüegg-Stürm suggests understanding models as a contingent invention, illustrating a range of actions considered to be significant and postulating a specific causal relationship⁶⁴⁴. In the context of management, models therefore could serve the following purposes⁶⁴⁵:

- Helping users to differentiate between what is important and what is less important.
- Forming a framework that illustrates causal relationships between significant factors, and thus promotes orientation (i.e. sense-making) in situation of high uncertainty and ambiguity.
- Structuring organizational communication, especially directing focus.

⁶⁴⁰ Rüegg-Stürm J. 2005

⁶⁴¹ These previous versions include work of Ulrich H. & Krieg (1972), Bleicher (1991), Gomez (1998), Müller-Stewens & Lerchner (2005), as well as Schwanninger (2001) and Spickers (2004) (Renz P. 2007, p. 71).

⁶⁴² Rüegg-Stürm J. 2005, p. 2

⁶⁴³ Rüegg-Stürm J. 2005, pp. 2f

⁶⁴⁴ Rüegg-Stürm J. 2005, p. 5

⁶⁴⁵ Rüegg-Stürm J. 2005, pp. 3ff

- Strengthening an organization's collective ability for acting through common language, for common discourse, as well as for a common way of looking at the work of the management.
- Creating reality by triggering a process of collective sense-making, i.e. creating a common basis for thoughts and reasons, which is an unavoidable prerequisite for any form of understanding.

The SGMM has been developed on the assumptions that firms, to which the model shall be applied, are shaped by the fundamental perceptions of system theory. Consequently, a firm is understood to be a complex system⁶⁴⁶. Based on this system understanding, the particular characteristics of firms, that set them apart from other complex systems, are⁶⁴⁷:

- 1) Firms are economic system, i.e. their financial revenues must cover the expenditures incurred from the consumption of resources.
- 2) Firms are purpose-oriented and multi-functional, i.e. they perform functions for other systems through their own specific value creation and, thereby, satisfy the demands of several stakeholders.
- 3) Firms are socio-technical systems, i.e. people, united in different communities of practice and supported by technical means, fulfill certain tasks to the benefit of stakeholders – in a highly complicated process based on division of labor.

Based on this system understanding, Rüegg-Stürm requires two conditions to be fulfilled in order to apply the SGMM. The first condition is the context of management to exist, and the second being the three characteristics mentioned above (what set firms apart from other complex systems) to be met⁶⁴⁸.

Agreeing that managing development aid projects (see paragraph 2.3) as well as NGO management (see paragraph 2.2) are broadly comparable with the context of managing a firm, NGOs do meet the first condition set out by Rüegg-Stürm as prerequisite to apply the SGMM. The answer regarding the second condition needs additional considerations: if the interpretation of economic system is rephrased so that not only revenues but any source of cash inflow that does not require repayment may serve to cover the expenditures (first characteristic mentioned above), the above three characteristics regarding complexity of firms do apply for NGOs (sources of non-repayable cash inflow for NGOs are discussed in

⁶⁴⁶ A system is an ordered entity of elements, an integrated whole, a unity, which is distinguishable from its environment. A system becomes complex when the elements of a system interact in a variety of ways and interrelate with each other in a specific and dynamic relationship (Rüegg-Stürm J. 2005, p. 7).

⁶⁴⁷ Rüegg-Stürm J. 2005, p. 10

⁶⁴⁸ Rüegg-Stürm J. 2005, pp. 5ff

paragraph 2.2.5.1) and therefore the second condition is fulfilled. Therewith, the SGMM can validly be applied to the development aid industry and development aid NGOs according to the design criteria as set out by its author, Johannes Rüeegg-Stürm. After having confirmed the validity of applying the SGMM, I now look at the model itself (see also figure 15 for a version of the St. Gallen Management Model that has been adapted to development aid NGOs by Patrick Renz).

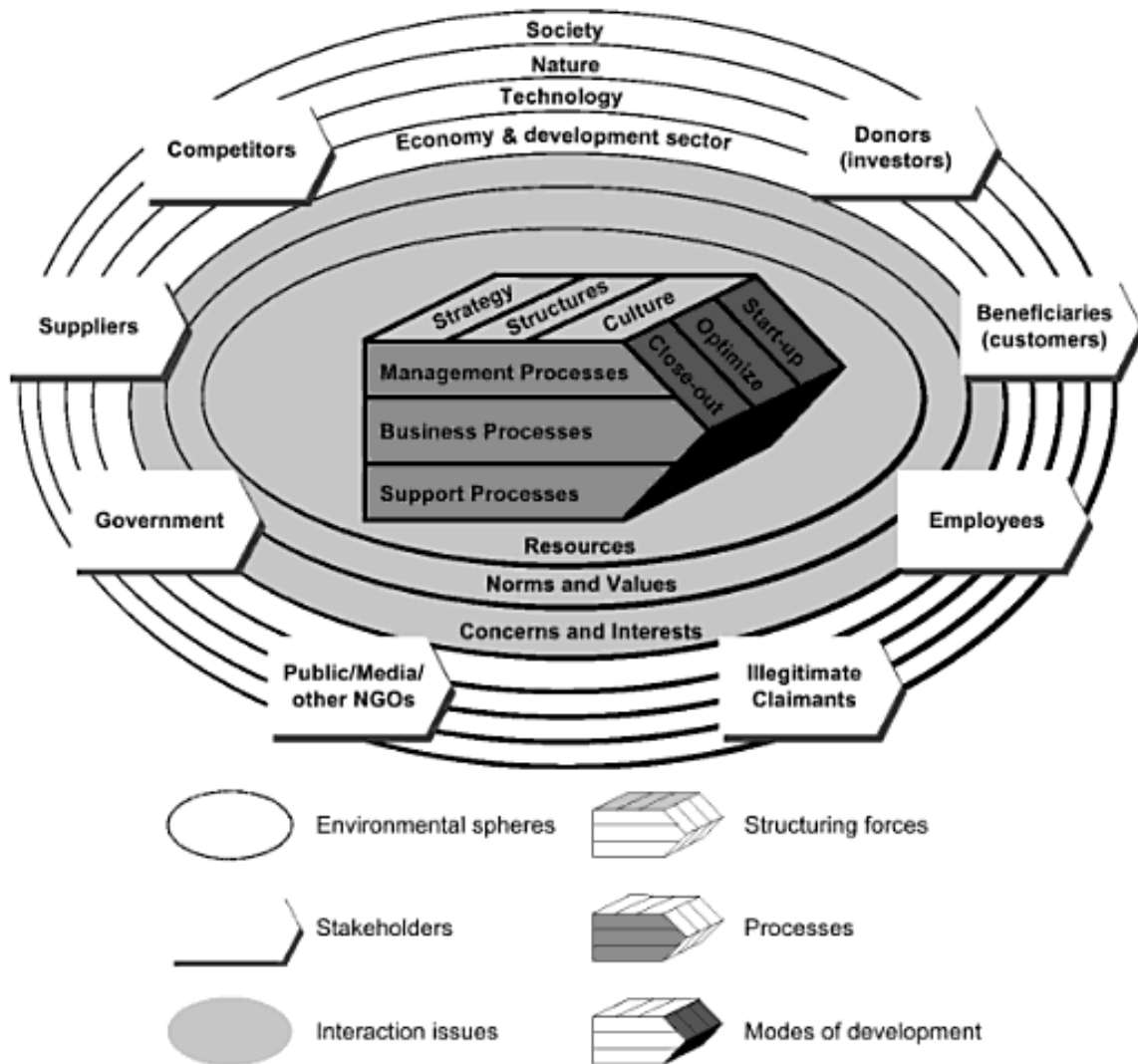


Figure 15: St. Gallen Management Model adapted for Development Aid NGOs (Renz 2007)⁶⁴⁹

According to Rüeegg-Stürm, the six central descriptive categories of the SGMM are environmental spheres, stakeholder, interaction issues, structuring forces, processes and modes of development⁶⁵⁰. To fit development aid NGOs, Patrick Renz has adapted the

⁶⁴⁹ Renz P. 2007, p. 72

⁶⁵⁰ Rüeegg-Stürm J. 2005, p. 11

SGMM regarding two stakeholders ('donors' instead of 'investors' and 'beneficiaries' instead of 'customers'), and regarding the modes of development ('start-up', 'optimize' and 'close-out' instead of 'optimization' and 'renewal'). These adaptations lead to the following six management categories with the respective elements according to the SGMM ⁶⁵¹:

- 1) Environmental Spheres: Society, Nature, Technology, and Economy & Development Sector.
- 2) Stakeholders: Donors, Beneficiaries, Employees, Illegitimate Claimants, Public/Media/other NGOs, Government, Suppliers, and Competitors.
- 3) Interaction Issues: Resources, Norms & Values, and Concerns & Interests.
- 4) Structuring Forces: Strategy, Structures, and Culture.
- 5) Processes: Management Process, Business Process, and Support Process.
- 6) Modes of Development: Start-Up, Optimize, and Close-Out.

According to Renz, the SGMM is a model that supports systemic thinking and allows not only to configure development aid projects and development aid NGOs according to the local system specific circumstances, it also allows to manage the respective projects and organizations most effectively and efficiently based on an enhanced system understanding⁶⁵². Renz further concludes that the SGMM can be used for system management, i.e. to first understand the complexity of systems, including development aid projects, and secondly to continuously influence the systems and therewith moving towards the previously established objectives⁶⁵³.

Following Renz's interpretation of the SGMM, the model can serve to describe the development aid industry (by looking at the categories environmental spheres and stakeholders) as well as to describe development aid NGOs (by looking at the categories interaction issues, structuring forces, processes, and modes of development). Such descriptions and analysis of each category can help NGO managers to establish a sound organization with clear vision, mission, strategy, goals as well as processes and activities to achieve its vision and goals. By using the SGMM as a guiding model, organizations do not only excel at their core activities, rather the integrative approach of the SGMM also allows managers to design, review and optimize the necessary support processes such as administration, finance, human resource management or information technology. If NGO executives use the model to discuss (i.e. to define and optimize) each of the six categories of the SGMM individually (i.e. to design and review respective approaches, structures and

⁶⁵¹ Renz P. 2007, p. 72

⁶⁵² Renz P. 2007, p. 71

⁶⁵³ Renz P. 2007, p. 86

tools), they may face interactions and interdependencies between the six categories and their elements as Rüegg-Stürm suggests them to exist. One example of such interdependencies is the interaction issues, which by definition refer to stakeholders, which are closely linked to the environmental sphere, and to what the stakeholders bring to the firm⁶⁵⁴. Rüegg-Stürm concludes that such interplays between categories and their elements do exist, and they are critically important in order to foster the overall development of an organization⁶⁵⁵.

In summary, NGOs that aim to apply a management model may validly use the SGMM. Not only does the model by design serve the business model of NGOs (assuming that the concept of revenues in the economic system model may be validly replaced by any form of non-repayable cash inflow), other authors have already successfully applied to model to NGOs and development aid projects. However NGOs applying the SGMM must keep the limitations and requirements of the model in mind: the model serves only as a representation of reality and it can only be successfully applied to the intended purpose which must be predefined by the NGO's executives before starting to use the model.

⁶⁵⁴ Rüegg-Stürm J. 2005, pp. 22ff

⁶⁵⁵ Rüegg-Stürm J. 2005, pp. 63f

Appendix VI: Examples of Structural Complexities in Developing Countries

The following three examples serve as illustrations for the structural complexities that NGOs may face while working in developing countries. These examples do not claim completeness or exhaustiveness; they rather shall indicate how broad the challenges are and that single, simple actions may not be enough to successfully respond to the existing situations and the respective complexities. While broader, more complex actions potentially offer successful solutions to the complexities, the examples also indicate that solutions for one set of structural problems may indeed better some aspects, but at the same time put other achievements at risk. The examples do not offer solutions regarding how to change the situation, such solutions are beyond the scope of this thesis. However, the examples suggest that there is no single solution to the complexities, instead organizations may rather design an approach that combines different actions, and therewith is able to jointly and/or successively tackle different aspects of the complex situation.

The first example sheds some light on girls' school attendance. A Report from UNESCO looks at school attendance of girls. Summarizing this report, Afrol, an independent news agency exclusively covering the African continent, lists the following reasons why there is little progress for girls' school attendance at different grades⁶⁵⁶: the need to supplement family income (in Africa, some 211 million children are economically active, about half of whom are girls); cost such as tuition fees, books, compulsory school uniforms, and community contributions (in six African countries, parents were found to spend almost one third of the total annual family expenditure on primary schooling); early marriage of girls (in Nepal, 40 percent of girls are married by the age of 15); conflicts (in conflict areas girls become fighters, cooks, porters, spies, servants, and sex slaves, and they also constitute the vast majority of the world's estimated 25 million displaced persons); violence in schools (in South Africa, the threat of violence at school is one of the most significant challenges to learning); classroom practices (girls cleaning floors and fetching water instead of attending lessons); as well as small number of female teachers that could serve as role models. To achieve higher school attendance of girls, all these barriers must be lowered simultaneously to achieve some success; a task that is neither easy nor short-term in nature. If a NGO tries to offer solutions to the first reason (girls need to supplement family income), providing solar energy powered light for rural areas so children can learn after sunset⁶⁵⁷ is truly a great idea. However, the availability of light alone might not lead to better grades for girls if they

⁶⁵⁶ Afrol 2009

⁶⁵⁷ Project of Solar Energy Foundation (<http://www.stiftung-solarenergie.org/index.php?pageID=432> [accessed July 5, 2009]).

are still tired from their hard work⁶⁵⁸, or if girls have no time to attend school during the dry season as they spend too much time walking long distances to collect water⁶⁵⁹.

A second example of the complexity and magnitude of structural problems is the power supply in Ethiopia. According to Mehret Tesfaye, the electric power shedding introduced in March 2009 and the power outages strongly affect major business entities and smallholdings across Ethiopia. The power interruption has led to businesses reporting losses in May 2009, as well as declaring losses for the 2009 full year forecast, and government lowering GDP growth forecast, rooted in revenue losses and job cuts as manufacturing enterprises had to stop production⁶⁶⁰. This lower GDP consequently reduced the government's income from company as well as from private taxes⁶⁶¹. So what alternative sources of income are available for the Ethiopian government? For the Ethiopian government to raise money efficiently and based on market principles, Dambisa Moyo suggests to sell additional mobile phone licenses⁶⁶². But given the power shortages in Ethiopia, Moyo's well-intended and generally great idea bares significant risks: additional mobile phone licenses may further increase the number of mobile phones, therewith increase the demand for electrical power, which might put the overall service level of mobile phone connectivity at jeopardy and consequently put the successes achieved so far, thanks to mobile phones and increased communication⁶⁶³, at risk. Therefore, in order to take the mobile phone licenses discussion forward, the Ethiopian government should not be dazzled and blinded by the additional funding, instead it might has to take availability of electrical power, as well as several additional aspects such as penetration of mobile phones, access to communication in rural areas, tax income, or available household income, into consideration.

The third example discusses supply of spare parts. In developing countries, especially in rural areas, ensuring the supply of spare parts is a challenging task. The following examples even suggest to possibly selecting suppliers based on their ability to timely supply spare parts at reasonable costs. Examples of spare part supply being an issue and effectively causing subsequent problems include telecommunication infrastructure in rural areas

⁶⁵⁸ Water Aid A

⁶⁵⁹ Water Aid B

⁶⁶⁰ Tesfaye M. 2009

⁶⁶¹ According to the Ethiopian Electricity Power Company, the problem will become less pressing when the hydropower dams get sufficient water thanks to the rainy season, and when Gibe II, another major hydropower station, starts operations. However, "it is difficult to foresee what the future has in store" (Tsfaye M. 2009).

⁶⁶² Carnegie Council 2009

⁶⁶³ UNICEF Ethiopia has developed a platform that uses mobile phone text messages (SMS) to monitor the distribution of high protein food to under-nourished children in over 1800 feeding centers in Ethiopia. The SMS reporting system is used to understand needs and to coordinate distribution (Timothy A. 2008).

leading to limited communication capacity⁶⁶⁴, diesel engines and therewith putting at risk what they run (e.g. electricity generators and subsequently appliances such as refrigerators)⁶⁶⁵, or imported water pumps where no local spare part supply is established⁶⁶⁶. Supporting these illustrations, Robert Van der Plas concludes his study on solar equipment in developing countries by advising solar equipment suppliers to increase spare part supply if they want to expand into rural markets and not limit themselves to large towns⁶⁶⁷.

⁶⁶⁴ Gasmi F./Recuero Virto L. 2005, p. 27

⁶⁶⁵ The Schumacher Centre for Technology & Development 2009, p. 4

⁶⁶⁶ Harvey P./Reed R.

⁶⁶⁷ Van der Plas R. 1997, p. 85

Appendix VII: Doing Business

The Doing Business project “provides objective measures of business regulations and their enforcement across 181 economies and selected cities at the subnational and regional level”⁶⁶⁸. By using standard scenarios, it compares how easy or difficult it is to do business regarding following four areas, using the respective indicators for assessment⁶⁶⁹:

- **Registering Property:** number of procedures; time required in days; and cost as percentage of the value of the property.
- **Enforcing Contracts:** number of procedures; time required in days; and cost as percentage of the claim.
- **Starting a Business:** number of procedures; time required in days; cost as percentage of per capita income; and minimum capital required as percentage of per capita income.
- **Dealing with Construction Permits:** number of procedures; time required in days; and cost as percentage of per capita income.

Table 31 and table 32 show the 2009 data regarding these four areas including the criteria for low-income countries⁶⁷⁰. In addition, the table shows the overall rank of doing business in the respective country as well as the rank of each country for the respective area.

Economy	Ease of Doing Business Rank	Registering Property				Enforcing Contracts			
		Rank	Procedures (number)	Time (days)	Cost (% of value)	Rank	Procedures (number)	Time (days)	Cost (% of claim)
Afghanistan	162	174	9	250	7.0	160	47	1,642	25.0
Bangladesh	110	175	8	245	10.4	178	41	1,442	63.3
Benin	169	119	4	120	11.9	175	42	825	64.7
Bhutan	124	38	5	64	0.0	37	47	225	0.1
Burkina Faso	148	148	6	136	10.2	110	37	446	107.4
Burundi	177	125	5	94	10.7	170	44	832	38.6
Cambodia	135	108	7	56	4.4	136	44	401	102.7
Central African Republic	180	133	5	75	18.6	169	43	660	82.0
Chad	175	132	6	44	22.7	166	41	743	77.4
Comoros	155	93	5	24	20.8	150	43	506	89.4

Table 31: Business Indicators for Registering Property and Enforcing Contracts in low-income Countries 2009 (Doing Business Project)

⁶⁶⁸ Doing Business Project 2009

⁶⁶⁹ Doing Business Project 2009, data available through <http://www.doingbusiness.org/CustomQuery/> [accessed July 3, 2009].

⁶⁷⁰ The definition of ‘low income countries’ is as used by the Doing Business Project.

Economy	Ease of Doing Business Rank	Registering Property				Enforcing Contracts			
		Rank	Procedures (number)	Time (days)	Cost (% of value)	Rank	Procedures (number)	Time (days)	Cost (% of claim)
Congo	181	152	8	57	9.2	173	43	645	151.8
Côte d'Ivoire	161	139	6	62	13.9	124	33	770	41.7
Eritrea	173	165	12	101	5.2	51	39	405	22.6
Ethiopia	116	154	13	43	7.1	78	39	690	15.2
Gambia, the	130	111	5	371	4.6	63	32	434	37.9
Ghana	87	31	5	34	1.2	50	36	487	23.0
Guinea	171	157	6	104	13.9	131	50	276	45.0
Guinea-Bissau	179	170	9	211	5.4	139	41	1,140	25.0
Haiti	154	128	5	405	6.4	92	35	508	42.6
Kenya	82	119	8	64	4.1	107	44	465	26.7
Kyrgyz Republic	68	52	7	8	3.9	52	39	177	29.0
Laos	165	159	9	135	4.1	111	42	443	31.6
Liberia	157	172	13	50	14.7	165	41	1,280	35.0
Madagascar	144	145	7	74	7.5	153	38	871	42.4
Malawi	134	96	6	88	3.3	138	42	432	142.4
Mali	166	94	5	29	20.3	158	39	860	52.0
Mauritania	160	61	4	49	5.2	84	46	370	23.2
Mozambique	141	149	8	42	12.9	124	30	730	142.5
Nepal	121	28	3	5	6.3	121	39	735	26.8
Niger	172	75	4	35	11.1	134	39	545	59.6
Nigeria	118	176	14	82	21.9	90	39	457	32.0
Pakistan	77	97	6	50	5.3	154	47	976	23.8
Papua New Guinea	95	73	4	72	5.1	162	43	591	110.3
Rwanda	139	60	4	315	0.6	48	24	310	78.7
São Tomé and Príncipe	176	151	7	62	10.9	171	43	1,185	34.8
Senegal	149	161	6	124	20.6	146	44	780	26.5
Sierra Leone	156	163	7	86	12.9	141	40	515	149.5
Solomon Islands	89	169	10	297	4.8	108	37	455	78.9
Tajikistan	159	46	6	37	1.8	23	34	295	20.5
Tanzania	127	142	9	73	4.4	33	38	462	14.3
Togo	163	155	5	295	13.4	151	41	588	47.5
Uganda	111	167	13	227	4.1	117	38	535	44.9
Uzbekistan	138	125	12	78	1.5	46	42	195	22.2
Vietnam	92	37	4	57	1.2	42	34	295	31.0
Yemen	98	48	6	19	3.8	41	37	520	16.5
Zambia	100	91	6	39	6.6	87	35	471	38.7
Zimbabwe	158	85	4	30	25.0	77	38	410	32.0

Table 31: Business Indicators for Registering Property and Enforcing Contracts in low-income Countries 2009, continued (Doing Business Project)

Economy	Starting a Business					Dealing with Construction Permits			
	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)
Afghanistan	22	4	9	59.5	0.0	140	13	340	14,918.9
Bangladesh	90	7	73	25.7	0.0	114	14	231	739.8
Benin	149	7	31	196.0	347.0	130	15	410	303.6
Bhutan	63	8	46	8.5	0.0	116	25	183	158.4
Burkina Faso	113	5	16	62.3	458.8	106	15	214	577.9
Burundi	138	11	43	215.0	0.0	173	20	384	8,515.8
Cambodia	169	9	85	151.7	43.9	147	23	709	64.3
Central African Republic	152	10	14	232.3	513.9	138	21	239	278.9
Chad	180	19	75	175.0	365.1	70	9	181	974.7
Comoros	160	11	23	188.6	280.8	64	18	164	77.9
Congo	154	13	155	435.4	0.0	141	14	322	1,725.8
Côte d'Ivoire	167	10	40	135.1	215.9	160	21	628	243.3
Eritrea	178	13	84	102.2	396.7	181	n/a	n/a	n/a
Ethiopia	118	7	16	29.8	693.6	59	12	128	790.7
Gambia, the	101	8	27	254.9	0.0	74	17	146	394.0
Ghana	137	9	34	32.7	16.6	142	18	220	1,282.6
Guinea	177	13	41	135.7	476.9	162	32	255	243.0
Guinea-Bissau	181	17	233	257.7	1,015.0	109	15	167	2,628.8
Haiti	176	13	195	159.6	26.6	126	11	1,179	675.2
Kenya	109	12	30	39.7	0.0	9	10	100	46.3
Kyrgyz Republic	31	4	15	7.4	0.4	58	13	159	405.7
Laos	92	8	103	14.1	0.0	110	24	172	172.1
Liberia	88	8	27	100.2	0.0	177	25	321	60,988.7
Madagascar	58	5	7	11.0	289.8	102	16	178	764.8
Malawi	122	10	39	125.9	0.0	156	21	213	1,289.2
Mali	162	11	26	121.5	390.4	106	14	208	1,186.4
Mauritania	143	9	19	33.9	422.6	142	25	201	475.0
Mozambique	144	10	26	22.9	122.5	153	17	381	747.8
Nepal	73	7	31	60.2	0.0	129	15	424	248.4
Niger	159	11	19	170.1	702.1	157	17	265	2,694.0
Nigeria	91	8	31	90.1	0.0	151	18	350	655.4
Pakistan	77	11	24	12.6	0.0	93	12	223	734.0
Papua New Guinea	92	8	56	23.6	0.0	124	24	217	95.1
Rwanda	60	8	14	108.9	0.0	90	14	210	607.1

Table 32: Business Indicators for Starting a Business and Dealing with Construction Permits in low-income Countries 2009 (Doing Business Project)

Economy	Starting a Business					Dealing with Construction Permits			
	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)	Rank	Procedures (number)	Time (days)	Cost (% of income per capita)
São Tomé and Príncipe	136	10	144	88.9	0.0	113	13	255	740.5
Senegal	95	4	8	72.7	236.2	118	16	220	528.7
Sierra Leone	53	7	17	56.2	0.0	169	25	283	452.2
Solomon Islands	99	7	57	53.6	0.0	35	12	62	471.1
Tajikistan	168	13	49	27.6	216.8	178	32	351	1,420.7
Tanzania	109	12	29	41.5	0.0	172	21	308	2,087.0
Togo	179	13	53	251.3	559.9	145	15	277	1,400.1
Uganda	129	18	25	100.7	0.0	81	16	143	703.5
Uzbekistan	70	7	15	10.3	17.7	148	26	260	123.4
Vietnam	108	11	50	16.8	0.0	67	13	194	313.3
Yemen	50	7	13	93.0	0.0	33	13	107	189.7
Zambia	71	6	18	28.6	1.5	146	17	254	1,023.1
Zimbabwe	164	10	96	432.7	3.4	174	19	1,426	16,368.8

Table 32: Business Indicators for Starting a Business and Dealing with Construction Permits in low-income Countries 2009, continued (Doing Business Project)

In addition to the four areas described above, the Doing Business Project further provides data on the following areas, which are not primarily relevant for NGO activities:

- **Employing Workers:** difficulty of hiring index; rigidity of hours index; difficulty of firing index; rigidity of employment index; and firing costs as weeks of wages.
- **Getting Credit:** legal rights index; credit information index; public registry coverage as percentage of adults; and private bureau coverage as percentages of adults.
- **Protecting Investors:** disclosure index; director liability index; shareholder suits index; and investor protection index.
- **Paying Taxes:** number of payments; time in hours; profit tax as percentage; labor tax and contributions as percentage; other taxes as percentage; and total tax rate as percentage of profit.
- **Trading Across Borders:** number of documents for export; time for export in days; cost to export in USD per container; number of documents for import; time for import in days; and cost to import in USD per container.
- **Closing a Business:** time in years; cost as percentage of estate; and recovery rate as cents on the dollar.

In summary, the data indicate that low-income countries⁶⁷¹ rank relatively low regarding the overall ‘doing business’ ranking (out of the worst 10 countries to do business, 8 are low-income countries, out of the worst 50 countries to do business, 30 are low-income countries). However, it is important to recognize that the overall ranking is not representative for all governmental processes (e.g. Congo, the overall worst country to do business, ranks relatively high regarding Dealing with Construction, rank 141 out of 181). Therefore it is important for NGOs to be prepared to spend time and money to navigate through the governmental processes in developing countries, on average more time and money than what is needed in developed countries. But as this is not per se true for any process and any country. NGOs are well advised to thoroughly analyze the governmental processes that they will be confronted with, assess the respective and specific complexities, and then plan their time and resources accordingly.

⁶⁷¹ Low-income countries are seen as proxy for developing countries.

Appendix VIII: Enterprise Surveys Corruption Data

Enterprise Surveys collects firm-level data of almost 99,000 firms in 112 countries. Among other purposes, this data is used to analyze and present benchmark indicators regarding the quality of the business environment across countries⁶⁷². One of the areas that Enterprise Surveys provides data for is corruption. Table 33 shows the respective country-level rankings for low-income countries⁶⁷³, including total for all countries, total for OECD countries and total for all low-income countries⁶⁷⁴:

Country	% of firms expected to pay informal payment to public officials (to get things done)	% of firms expected to give gifts to get an operating license	% of firms expected to give gifts in meetings with tax officials	% of firms expected to give gifts to secure a government contract	% of firms identifying corruption as a major constraint
<i>All countries</i>	31.24	16.01	18.04	32.03	36.50
<i>OECD countries</i>	12.56	n/a	28.26	15.62	8.12
<i>low-income countries</i>	50.22	24.92	28.44	50.07	34.26
Afghanistan	41.49	16.54	28.81	44.04	53.64
Bangladesh	85.07	32.38	54.37	33.81	54.90
Benin	57.65	41.25	21.21	75.43	83.85
Bhutan	n/a	n/a	n/a	n/a	n/a
Burkina Faso	86.96	0.00	19.51	80.77	53.96
Burundi	56.46	40.26	22.63	44.36	19.72
Cambodia	61.23	n/a	60.25	76.25	53.73
Central African Republic	n/a	n/a	n/a	n/a	n/a
Chad	n/a	n/a	n/a	n/a	n/a
Comoros	n/a	n/a	n/a	n/a	n/a
Congo	83.79	66.25	64.42	80.54	20.02
Côte d'Ivoire	30.64	31.80	13.62	32.34	74.99
Eritrea	n/a	n/a	n/a	n/a	n/a
Ethiopia	12.42	2.70	4.35	11.80	23.08
Gambia	52.42	23.42	13.56	50.30	9.78
Ghana	38.77	22.60	18.08	61.23	9.86

Table 33: Corruption indicators for low-income countries (Enterprise Surveys 2009)

⁶⁷² Enterprise Surveys 2009

⁶⁷³ Low income countries are defined in table 31 and table 32.

⁶⁷⁴ Enterprise Surveys 2009, information available through <http://www.doingbusiness.org/economyrankings/?IncomeId=1> [accessed July 3, 2009].

Country	% of firms expected to pay informal payment to public officials (to get things done)	% of firms expected to give gifts to get an operating license	% of firms expected to give gifts in meetings with tax officials	% of firms expected to give gifts to secure a government contract	% of firms identifying corruption as a major constraint
Guinea	84.75	51.87	57.34	74.58	47.66
Guinea-Bissau	62.72	15.33	22.70	48.41	44.01
Haiti	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Kenya	79.22	28.75	32.25	71.20	38.35
Kyrgyz Republic	37.48	25.69	39.05	56.38	58.93
Laos	98.26	24.55	34.46	100.00	8.94
Liberia	52.94	44.76	50.00	48.15	36.91
Madagascar	19.20	18.60	6.79	14.13	42.71
Malawi	35.65	4.92	15.33	12.26	46.84
Mali	28.88	24.04	31.08	80.35	15.70
Mauritania	82.12	33.23	48.23	76.16	17.10
Mozambique	14.84	6.87	9.79	31.65	25.36
Nepal	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Niger	69.70	8.33	17.05	80.00	58.54
Nigeria	40.90	40.29	22.85	44.57	24.70
Pakistan	57.01	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	40.35
Papua New Guinea	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Rwanda	19.96	4.58	4.90	14.37	4.35
São Tomé and Príncipe	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Senegal	18.12	21.09	18.66	36.32	23.84
Sierra Leone	18.80	8.71	8.58	33.85	36.87
Solomon Islands	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Tajikistan	40.51	38.55	33.03	31.09	37.82
Tanzania	49.47	20.05	14.70	42.69	19.73
Togo	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Uganda	51.70	12.86	14.53	46.43	23.57
Uzbekistan	56.19	58.94	52.35	50.81	27.20
Vietnam	67.20	<i>n/a</i>	78.67	40.38	15.18
Yemen	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Zambia	14.79	3.46	5.39	27.52	12.56
Zimbabwe	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

**Table 33: Corruption indicators for low-income countries, continued
(Enterprise Surveys 2009)**

Besides the data on corruption, Enterprise Surveys provides data on the following 10 additional country-specific aspects (with the respective number of indicators and description of indicators), which seem less important for NGOs⁶⁷⁵:

- **Regulations And Tax** (with four indicators): percentage of senior management time spent in dealing with requirements of government regulation; average number of visits or required meetings with tax officials; percentage of firms identifying tax rates as major constraint; and percentage of firms identifying tax administration as major constraint.
- **Permits And Licenses** (with four indicators): days to obtain operating license; days to obtain construction-related permit; days to obtain import license; and percentage of firms identifying business licensing and permits as major constraint.
- **Crime** (with five indicators): percentage of firms paying for security; losses due to theft, robbery, vandalism, and arson against the firm; security costs as percentage of sales; percentage of products shipped to supply domestic markets lost due to theft; and percentage of firms identifying crime, theft and disorder as major constraints.
- **Informality** (with four indicators): percentage of firms expecting that other firms report less than 100% of sales for tax purposes; percentage of services firms competing against unregistered or informal firms; percentage of firms formally registered when started operations in the country; and average number of years firms operate without formal registration.
- **Gender** (with three indicators): percentage of firms with female participation in ownership; percentage of full time female workers; and percentage of women in senior positions.
- **Finance** (with five indicators): percentage of firms with line of credit or loans from financial institutions; percentage of firms using banks to finance investments; percentage of firms using banks to finance expenses; value of collateral needed for a loan as percentage of the loan amount; and percentage of firms identifying access to finance as a major constraint.
- **Infrastructure** (with six indicators): number of power outages in a typical month; value lost due to power outages as percentage of sales; number of days to obtain an electrical connection; average number of incidents of water insufficiency in a typical month; number of days to obtain a water connections; and number of days to obtain a mainline telephone connection.
- **Innovation and Technology** (with four indicators): percentage of firms with internationally-recognized quality certification; percentage of firms with annual

⁶⁷⁵ Enterprise Surveys 2009, information available through <https://www.enterprisesurveys.org/IndicatorDescriptions.aspx> [accessed July 3, 2009].

financial statement reviewed by external auditor; percentage of firms using technology licensed from foreign companies; and percentage of firms using their own website.

- **Trade** (with five indicators): average time in days to clear direct exports through customs; average time in days to clear imports from customs; percentage of exporter firms; percentage of firms that use material inputs and/or supplies of foreign origin; and percentage of firms identifying customs and trade regulations as a major constraint.
- **Workforce** (with four indicators): percentage of firms offering formal training; average number of seasonal/temporary employees; average number of permanent, full-time employees; and percentage of firms identifying labor regulations as a major constraint.

The results regarding low-income countries are less obvious than for governmental processes (see appendix VII), e.g. the percentage of firms that expect to give gifts in meetings with tax officials in OECD countries and low-income countries are almost the same (28.26% and 28.44% respectively). Nevertheless it seems fair to conclude that on average, more firms in developing countries expect to be confronted with indicators of corruption. But similar to governmental processes, the results vary significantly between different countries, e.g. Ethiopia seems to have less corruption than the OECD average (Ethiopia ranks lower than the average of OECD countries regarding four out of the five indicators and significantly lower than the world-wide average on all five indicators). Concluding the data analysis, NGOs should be prepared to face and therefore deal with corruption. However, the specific level of corruption and its nature differs significantly between different countries (and potentially between different regions within a country). Similarly to the governmental processes, NGOs are well advised to prepare themselves to face corruption, define rules how to handle it, and to assess the country's specific habits and corruption levels.

Appendix IX: Diversity and Influence of selected NGO Stakeholders

Each group of NGO Stakeholders (for a possible classification of stakeholders see appendix V) may impose diverse and specific influence onto the NGO, deriving their respective power from multiple sources. The following paragraphs focus on three exemplary stakeholders to describe, through illustrative examples, what influence stakeholders potentially exert onto a NGO and how these stakeholders impose a diverse range of expectations onto NGOs. These three stakeholders are:

- Beneficiaries
- Illegitimate Claimants
- Public/Media/other NGOs

1 Beneficiaries

Customers of NGOs are not customers in the business sense but rather people affected or concerned by the NGO's activities⁶⁷⁶. While for most businesses customers have a dual role (which are (a) receiving/consuming the products/services and (b) paying and therewith providing the financial return for the company), this is per definition not the case for aid agencies, including development aid NGOs, where beneficiaries consume the services and donors provide the financial return⁶⁷⁷. Similar to businesses, NGOs might have to select their target beneficiaries, i.e. the group or type of people that can be serviced best given the NGO's products, expertise and capabilities⁶⁷⁸. While for businesses this decision might be based on customer profitability⁶⁷⁹, NGOs have to apply different metrics. Peter Drucker describes that NPOs typically have the dilemma to decide for either short-term success (i.e. serving the not so poor and therefore show relatively fast results and therewith indicating great efficiency), or for serving the very poor and the very needy and therewith accept slow results and lower efficiency⁶⁸⁰. Drucker's example of teaching English to Mexican immigrants describes the dilemma very well. An organization striving to integrate Mexican immigrants into US communities may offer English language courses. If the organization

⁶⁷⁶ Renz P. 2007, p. 78

⁶⁷⁷ Renz P. 2007, p. 78

⁶⁷⁸ According to the five forces model (see Porter M. 1980, pp. 3ff), Porter suggests that companies only enter a new market if the threats arising from the following five forces are low or the company has the experience and expertise to accommodate these threats: product substitutes, new competitors, competitive rivalry, customer power and supplier power. The decision should be based on the company's current strengths and weaknesses, as well as the potential future strengths and weaknesses.

⁶⁷⁹ Fickert R./Künzle A. 2004, p. 52. Even the profitability is a key decision criteria, Fickert and Künzle describe that the decision whether to serve a customer or not might need additional considerations. New customers, as one example, are currently not profitable, but they might turn to be highly profitable in the future (Fickert R./Künzle A. 2004, p. 52).

⁶⁸⁰ Drucker P, 2005, p. 108

now decides to focus on immigrants that do have some knowledge of the English language already, the results of the teaching program might be very good. But such a selection would then exclude the most needy immigrants and therewith potentially jeopardize the objective of integration (the immigrants with existing English skills may achieve integration themselves)⁶⁸¹.

A further decision that development aid NGOs must take is whether or not they want to involve the beneficiaries, and if yes how and to what extent. Easterly clearly promotes participation of the beneficiaries (see the example of development vouchers⁶⁸² described in the introduction, paragraph 1.1) and where not possible, he requires to at least allow for feedback from the poor⁶⁸³. According to Drucker, NPOs do not just deliver services; instead they want the beneficiary to be doer instead of a user only. Therewith the NPO uses a service to bring about change in a human being, attempting to become a part of the recipient rather than merely being a supplier. “Until this has happened, the NPO has had no results, it has only had good intentions”⁶⁸⁴. According to Drucker, one of the marketing rules to achieve results is to know the beneficiaries and to allow that beneficiaries can say no, similar to how customers can say no to the services of businesses⁶⁸⁵. In Summary, Drucker suggests the relationship between the NGO and its beneficiaries to be far reaching and with strong involvement of the customers, i.e. beneficiaries.

Besides these votes for beneficiary participation, there seems to be a certain risks associated with having beneficiaries involved in the decision process. Renz presents an example of a development aid project in Bangladesh where a new manager of an international NGO gave decision power on how to spend the budget to beneficiaries. Then, several key employees of the supported local organization negotiated up to 50% salary increase (while they did have a competitive salary already). These arbitrary salary increases caused dissatisfaction and conflicts among the other staff, “the system’s peaceful social order was lost, and it risked falling apart”⁶⁸⁶. Therefore, even it is important to allow for feedback from beneficiaries and foster their participation, this example indicates that any such effort must be dealt with carefully, otherwise it may backfire and well-intended approaches are leading to more harm than good. I suggest for NGOs not to strive for a certain level of beneficiary feedback, participation or involvement, but to start, and then constantly innovate, to increase these

⁶⁸¹ Drucker P. 2005, p. 108

⁶⁸² Easterly W. 2006, pp. 378f

⁶⁸³ Easterly W. 2006, pp. 380f

⁶⁸⁴ Drucker P. 2005, p. 53

⁶⁸⁵ Drucker P. 2005, p. 55

⁶⁸⁶ Renz P. 2007, p. 24

aspects of how to serve beneficiaries and how to foster feedback and participation based on project progress and learning.

Similar to NGOs, some businesses do have customers with separate roles, i.e. they cross-finance their fields of activities (typically, introduction of new products and services or expansion to new markets are cross-financed by existing products, services and markets, at least during an initial phase) or they serve as mediator (radio stations connect to people based on e.g. music interest, and then they raise funds by allowing companies to advertise to these people). For NGOs to adopt the business model of such a mediator seems difficult as not many companies seem interested to do business with the very poor, at least not short term. However, there are examples in developing countries where NGOs might collaborate with businesses targeting the very poor and potentially raise some money. Examples include micro financing⁶⁸⁷, mobile phone services⁶⁸⁸ or cut-flower business⁶⁸⁹.

2 Illegitimate Claimants

Labeling a claim as illegitimate seems subjective, especially in an international context where NGOs strive for change in a broad sense and NGOs expect, or at least accept, many people, groups, and/or organizations to be affected by their activities. Even agreeing that

⁶⁸⁷ Grameen Bank, a pioneer of micro financing, describes in its method of action that the micro credit business is not only about banking, rather it is important to also ensure that the money is used for income-generating production, to build on solidarity groups, to monitor borrowers, and to investing in human resources (see http://www.grameen-info.org/index.php?option=com_content&task=view&id=33&Itemid=107 [accessed September 2, 2010]). In such situations, where financial organizations are depending on non-financial supporting, consulting and monitoring services being rendered to its clients, NGOs may partner with micro financing organizations on these additional services as a trusted third party and potentially have their services paid by the micro financing organizations.

⁶⁸⁸ In Uganda, farmers in remote locations do have access to a mobile phone service platform with the following offerings: Farmer's Friend (searchable database with both agricultural advice and targeted weather forecasts); Health Tips (sexual and reproductive health information); Clinic Finder (locate nearby health clinics and their services); and Google Trader (matches buyers and sellers of agricultural produce and commodities as well as other products; consequently local buyers and sellers, such as small-holder farmers, are able to broaden their trading networks and reduce their transaction costs) (Grameen Foundation Press Release June 29, 2009). While the mobile phone serves as prime mediator, NGOs may still design services, e.g. for more complex offerings, that require a more direct and personal role of the mediator, and partnering with a commercial organization, having them supplementing services financially supported by the commercial partner. In addition, NGOs may use the capabilities themselves to offer new services or offer them more cost-effectively.

⁶⁸⁹ According to a Report by Food & Water Watch and Council of Canadians, cut flower farms (especially rose farms) have caused significant environmental issues in the Kenya rift valley. The water and chemical (mainly pesticide) intense rose production has led to overuse of Lake Naivasha (the water level is 10 feet lower than what is healthy) and wild life is disappearing because the remaining water becomes poisonous (as most flowers are exported to Europe, the reports calls this phenomena "virtual water export"). At the same time the population has been increasing because workers were attracted by the job opportunities offered by the rose farms. If the farms cannot sustain their production, the community will be seriously in trouble because they have less natural resources but they have to sustain more people (The Council of Canadians 2008). As governments struggle to provide services in such situations, they try to find ways to raise money from the rose farms, which increases production costs, makes the production site economically less attractive, which consequently may lead to a relocation of rose production, leaving the community with even less income and taxes (Opala K. 2007). An opportunity for NGOs might be to collaborate with rose farms early on to take counter-action aiming to balance the negative impacts of the farm's business on the environment and communities.

illegitimate means non-legal, non-ethical and non-moral, the decision regarding the illegitimacy of a specific international, intercultural case remains subjective, as it requires defining legal, ethical and moral. While courts serve as escalation path to decide on the legal aspect, such escalation paths do not exist for ethical or moral aspects. The case of the Coca-Cola's operations in Plachimada, in the state of Kerala, India, may serve as an example of ethical claims and missing escalation structures: the farmers in the area of the plant claim faster decrease of the ground water level (compared to before the start of the Coca-Cola plant operation). A high-ranked committee, set up by the Kerala Minister of Water Resources, has accepted the farmer's compensation claims to be rightfully. Coca-Cola on the other hand claims that other reasons, including pump-based irrigation by the farmers, and continuous droughts have contributed to the faster decrease of the ground-water level. Coca-Cola clarifies to have even set up water harvesting measures in order to become water-neutral (i.e. contribute as much water back to the ground water table as it consumes)⁶⁹⁰. This example shows that arguments of water neutrality are hardly sufficient to discuss the ethical issue of detraction of the water from the farmers and therewith potentially jeopardize the farmer's livelihood. Secondly, the case exemplifies that the committee that has been set up specifically for the claim by the time that Coca-Cola tried to discuss and resolve this potential issue upfront, later turned out to be the wrong escalation authority to finally agree upon water-related activities. Despite these difficulties of defining illegitimate claimants, applying a narrow approach of illegitimacy, i.e. looking at existing laws and similar court cases only, might still not put organizations in any better position. Therefore it seems unavoidable to apply a broad definition for illegitimacy and engage in respective discussions as early as possible.

Another example of difficult to judge claims are the claims of Somali pirates, arguing that over-fishing leaves them no option but to defend themselves and find new ways of income, which forces them into piracy ("Thousands of Somalis once made their living as fishermen [...] now, due to the willingness of foreigners to exploit fisheries off Somalia's coast, and the lack of a governing body to stave them off, many of these fishermen are finding their nets empty")⁶⁹¹. However, when looking at other sources, it seems that fish consumption was never at a significant level in Somalia as "traditional society holds fishermen and the eating of fish in low regard. Nomads, in particular, disdain fish consumption: to eat fish is to show that one is not a good herdsman"⁶⁹². Therefore, over-fishing by foreigners may not be the sole reason why fishermen have difficulties making a living. And similarly to the Coca-

⁶⁹⁰ Ajayan R. 2008

⁶⁹¹ Rogers S. 2009

⁶⁹² CultureOrientation.net 2004 (also Simoons F. 1994, p. 261; Abdullahi M. 2001, p. 111; and Davila F. 2001)

Cola example above, a solution most probably requires a broader approach than just a legal decision or a court ruling.

It is fair to assume that for NGOs, providing free or at least low-cost services to the needy, illegitimate claimants are an important group of stakeholders. However, looking at the examples above, it seems difficult to distinguish illegitimate from legitimate claimants. And in cases where claims can correctly be recognized as illegitimate, NGOs still have to decide how to deal with such claimants, especially in cases of high media coverage and publicity (see the following paragraph for further examples of media as stakeholder). Therefore I suggest to apply a broad approach of illegitimacy, i.e. leaving room for a broad range of people and groups claiming to be stakeholders. The risk with this approach is that dealing with these additional stakeholders requires much time and efforts, which could be spent for beneficiaries. As spending time and efforts on illegitimate claimants seems unavoidable, the NGO may try to leverage these contacts and ask the claimants for support in exchange of accepting their claims in their respective activities.

3 Public/Media/other NGOs

The public, media and other NGOs, especially watchdog NGOs⁶⁹³, may use their power to set agendas and influence public opinions and therewith force organizations to act in the interest, norms or values that they represent. While any organization does communicate to the media and the public, and therefore must somehow plan and manage such communication, the details of such communication may still vary significantly among different organizations. In response to responsibility issues, corporate communication strategies increasingly include collaboration with NGOs as part of their Corporate Social Responsibility (CSR)⁶⁹⁴ initiatives. H&M for example, the Swedish fast fashion pioneer that nearly doubled its sales between 2003 and 2008, partners with various organizations⁶⁹⁵ regarding social responsibility (especially regarding working conditions and child labor), as

⁶⁹³ Watchdog NGO aim to bring publicity and transparency to the processes and decisions of governments and organizations (Becker A. 2008, p. 6).

⁶⁹⁴ Subhabrata Banerjee, based on his previous review of the history of CSR and different definition approaches, summarizes the three characteristics of CSR to be the following: first CSR implies some sort of commitment, through corporate policies and action (this is also called operational view, and it is reflected in a company's social performance which can be assessed by how the company manages its societal relationships, its social impact and the outcomes of its CSR policies and actions, e.g. through social reporting or social audits). Second, CSR activities should go beyond the law and exceed the respective minimum obligations. And third, CSR activities are discretionary and cannot be enforced in any court or law. Therefore, companies embrace CSR by voluntary means, e.g. codes of conduct (Banerjee S. 2007, pp. 16ff).

⁶⁹⁵ The partners and respective commitments include: UN International Labor Organization ILO conventions, UN convention on the Rights of the Child, The Bangladeshi NGO BRAC, UNICEF's Education Program for Girls, UN Global Compact's ten principles (for human rights, labor, the environment, and anti-corruption), OECD guidelines for multinational enterprises, UN MDG contribution, Amnesty Business Group's Business Forum, WaterAid, Fair Labor Association, as well as partnering with different Clothing charities (H&M Responsibility 2009).

well as regarding environmental responsibility (with high priority for pollution, water consumption and organic cotton). The following paragraphs provide two examples how media and NGO can and do influence organizations, forcing them to invest significant time and resources into the respective subject and possibly change their operations. The first example is when the media attacked child sponsorship organizations in the USA. The second example is the case of the Greenpeace attacking the oil giant Shell for environmental pollution.

In March 2003, reporters from The Chicago Tribune newspaper reported on the sponsorship programs of 12 children that they signed up to anonymously through the four most popular child-sponsorship charities in the USA: Children International, Childreach, the Christian Children's Fund and Save the Children. Over two years, the reporters and editors sent money to their children and corresponded with them. As the reporters set off to find the children, they found out that most children had received few benefits only, and that one had been dead for nearly two years⁶⁹⁶. According to John Schultz, then president of the Christian Children's Fund, such investigation and critics on child sponsorship programs is common⁶⁹⁷, as child sponsorship agencies are magnets for press scrutiny, making it an "inescapable fact of life" that every few years, the press takes a critical look at sponsorship agencies⁶⁹⁸. However, in 2003 the wave raised by The Chicago Tribune was especially intense. The article led a group of child sponsorship agency representatives striving to establish a set of best practice processes and voluntary industry compliance standards for NGOs and agencies engaging in child sponsorship⁶⁹⁹. This example illustrates how the media as a stakeholder has influenced NGOs in how they conduct, revise and evaluate their business.

The second illustrative example is Greenpeace⁷⁰⁰ preventing Shell to sink the oil storage "Brent Spar" which operated in the North Sea. Greenpeace sees its intervention as one of the biggest success during the 1990's on its campaign "protect the oceans". However, much

⁶⁹⁶ The New York Times April 5, 1998

⁶⁹⁷ For a general introduction to child sponsorship programs and their advantaged/opportunities and disadvantages/risks see Brehm V./Gale J. 2000, pp. 2ff.

⁶⁹⁸ Harvard Case C16-02-1664.0, p. 3

⁶⁹⁹ Harvard Case C16-02-1664.0, p. 8

⁷⁰⁰ Greenpeace is an independent global campaigning organization that acts to change attitudes and behavior, to protect and conserve the environment, and to promote peace. It does so (1) by catalyzing an energy revolution to address the number one threat facing our planet: climate change; (2) by defending the oceans by challenging wasteful and destructive fishing, and creating a global network of marine reserves; (3) by protecting the world's ancient forests and the animals, plants and people that depend on them; (4) by working for disarmament and peace by tackling the causes of conflict and calling for the elimination of all nuclear weapons; (5) by creating a toxic free future with safer alternatives to hazardous chemicals in today's products and manufacturing; and (6) by campaigning for sustainable agriculture by rejecting genetically engineered organisms, protecting biodiversity and encouraging socially responsible farming (Greenpeace A 2009).

of the Greenpeace activities and communication was based a significant overestimation regarding the amount of oil remaining in the storage tanks of Brent Spar (and thus the contamination of the sea by sinking the Brent Spar). Greenpeace claims that, in the absence of official figures, it had to release own calculations, which were later declared as improvised measures⁷⁰¹. Furthermore, while the Brent Spar was being dismantled, the endangered cold-water coral *Lophelia Pertusa* was found growing on the legs of the oil storage. As the original plan prepared by Shell did assume these corals to grow on the legs of Brent Spar, it suggested leaving the lower parts of the structures in place –a suggestion opposed by Greenpeace⁷⁰².

These two examples show how much pressure media, watchdog or advocacy NGO and/or the public opinion may exert onto an organization. Even these claims may build on imperfect, incomplete or even fragmentary data and understanding, organizations may not be able to stand up to such pressures. The best advice might be to engage these stakeholders proactively and let them participate in decisions at an early point in time.

4 Conclusion

The above examples indicate that stakeholders do have significant power and influence onto a NGO. While these examples do not claim completeness, they exemplify what diverse direction the influence might come from, directions that the NGO itself might not expect, given how it sees itself and what it is occupied with. In order to not divert too much energy away from its main objectives, changing people's lives, NGOs must prioritize their stakeholders (i.e. finding a fragile balance of engaging with certain stakeholders and neglecting others). While the priorities may change over time (for an introduction into stakeholder management, see appendix X), which the NGO must correspond to in due time, it might be advisable indicating a certain openness for collaboration to all potential stakeholders. Such an approach limits the resources spent on currently less important stakeholder but at the same time offers collaboration instead of marking the currently less important stakeholders as unimportant. But as certain stakeholders, such as watchdog organizations, need some kind of public visibility, they may still tend to attack NGOs for publicity reasons instead of approaching them to solve the subject in question. But the more open the NGO is perceived to be by the public, the less fruitful such attacks promise to be.

⁷⁰¹ Greenpeace B 2009

⁷⁰² Wikipedia Brent Spar

Appendix X: Stakeholder Management

The St. Gallen Management Model mentions two approaches for an organization to manage stakeholders⁷⁰³. But both of them focus on stakeholder identification and not necessarily on stakeholder management. The first is the strategic stakeholder value approach, which selects stakeholders based on the impact of their concerns, interests and demands in securing the future of the organization. It strives to maintain the willingness of all participants to cooperate as well as secure the agreement and goodwill of influential stakeholders⁷⁰⁴. The second approach, the ethically critically stakeholder value approach, maps all impacted people as stakeholders, irrespective of their influence, power and position (i.e. stakeholders are defined solely based on the ethically justifiable legitimacy of the stated interest), and then resolves conflicts of interest in a consensus-oriented way⁷⁰⁵. I suggest that development aid NGOs should apply the first approach while not leaving the second aside, but with different focus. The first approach clearly prioritizes the stakeholders, which seems important, as development aid NGOs cannot be anything to anybody, instead it must decide what stakeholders to focus on. The second approach is more inclusive and the selection of stakeholders is irrespective of their influence, power and position. As many stakeholders in a development environment are potentially weak regarding influence, power and position, incorporating the idea of broad stakeholder definition as suggested by the second approach seems important for development aid NGOs. An advantage of the first approach is that it intends a long-term cooperation, while the second approach might fall short in looking at the legitimacy of ethically justifiable interests and therefore neglecting interests that might become legitimate, e.g. through respective activities of watchdog organizations.

Patrick Moser concludes that stakeholder classification is not enough, instead organizations must also consider responses to the influence of stakeholders⁷⁰⁶. For stakeholder classification, Moser suggests the following two steps: first listing of all possible stakeholders to get a comprehensive picture of whom the organization may affect and from whom the organization may be affected. This list may also include simple classifications such as internal or external stakeholder and primary or secondary stakeholder. The second step is to identify requirements and interests of stakeholders, i.e. determine factors that legitimize the stakeholder's requirements. The requirements and interests must be complemented with information regarding power, legitimacy and urgency for a precise assessment of the stakeholders⁷⁰⁷. To then define responses based on the stakeholder

⁷⁰³ Rüegg-Stürm J. 2005, p. 19

⁷⁰⁴ Rüegg-Stürm J. 2005, p. 19

⁷⁰⁵ Rüegg-Stürm J. 2005, pp. 19f

⁷⁰⁶ Moser P. 2009, p. 30

⁷⁰⁷ Moser P. 2009, pp. 30ff

classification, Moser suggests using eight classifications (based on the dimensions power, legitimacy and urgency). These eight stakeholder classes suggest specific characteristics for stakeholders falling into each of the classes as well as best practices approaches for the organization to response to the stakeholder (e.g. dangerous stakeholders lack the legitimacy, i.e. they may use force to achieve their interests, and therefore organizations may strictly control such stakeholders and offer paths to reach legitimacy)⁷⁰⁸.

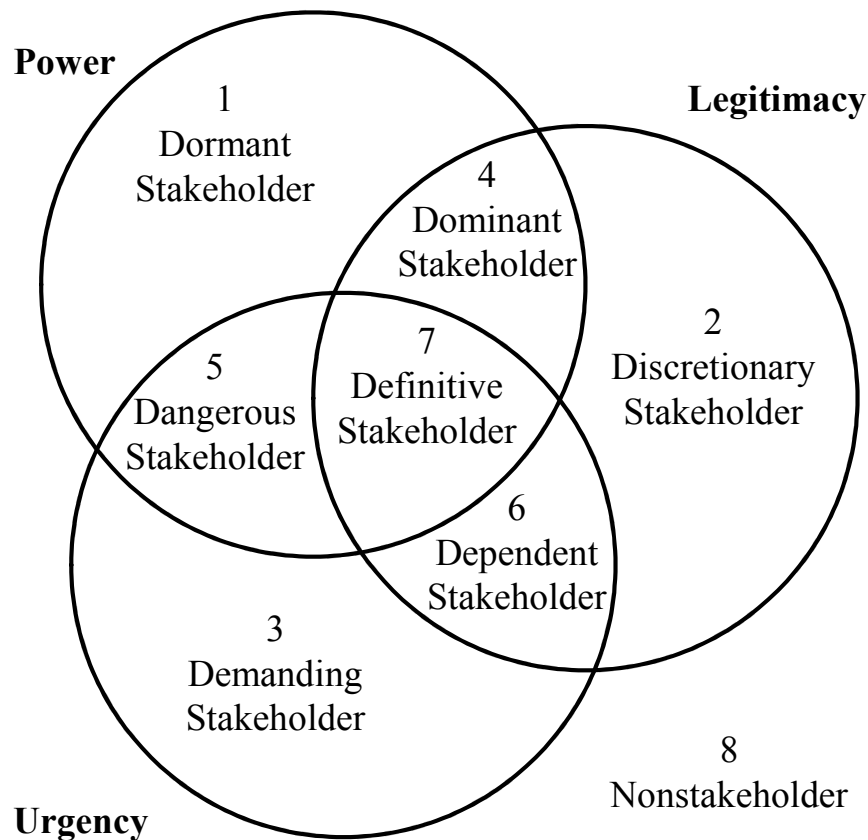


Figure 16: Eight classifications of stakeholder (Moser 2009)

While the eight classifications of stakeholders already offer comprehensive recommendations for how organizations may react to stakeholders, Moser nevertheless suggest to also look at other classification approaches to increase the quality of recommendations⁷⁰⁹.

⁷⁰⁸ Moser P. 2009, pp. 27ff

⁷⁰⁹ Moser P. 2009, p. 33. The two additional classification models that he suggests are the ones offered by Savage et al. (1991) and Müller-Stewens/Lechner (2005). Both models cluster stakeholders along two dimensions. The model suggested by Savage et al. used the dimensions 'stakeholder's potential for threat to the organization' and 'stakeholder's potential for cooperation with the organization', with both dimensions distinguishing between high and low, resulting in the following four stakeholder types: supporting (low threat and high cooperation), marginal (low threat and low cooperation), nonsupportive (high threat and low cooperation), and mixed blessing (high threat and high cooperation). The organization shall now try to move mixed blessing stakeholders to either supportive or

Focusing on performance management for social NPOs and public private partnerships, Maria Bono also describes that Stakeholder management is a key task for NPOs. She describes the ultimate goal for any NPO stakeholder management to be the balance between stimulation and contribution of stakeholders⁷¹⁰. To find such balances for each relevant stakeholder, she suggests classifying stakeholders along criteria and respective characteristics such as⁷¹¹:

- **Distance of stakeholder to NPO:** internal stakeholders, primary stakeholders or secondary stakeholders.
- **Power of stakeholder:** direct decision making, economic influence or political influence.
- **Legitimacy of stakeholder:** regulatory authority, normative influence or cognitive bearing.
- **Motivation of stakeholder:** extrinsic or intrinsic.

As not each stakeholder can be managed individually, NPOs must analyze and identify relevant stakeholders, understand the specific position of each stakeholder regarding the above characteristics, decide to potentially group stakeholders as well as how to interact with these stakeholders or groups, aiming to establish a balance regarding the above characteristics for each group. Bono suggests the following steps for such an analysis⁷¹²:

- Identification of stakeholders,
- Classification,
- Qualification and prioritization (mapping of the group's importance),
- Derive a norm strategy regarding how to achieve and maintain a balance for each group,
- Define a specific strategy for each individual stakeholder where appropriate, and
- Aligning all strategies.

nonsupportive stakeholders (lower either threat or cooperation). The model suggested by Müller-Stewens/Lechner uses the dimensions 'influence on the stakeholder' and 'influence of the stakeholder'. Instead of further separating the dimensions, they separate the area between the two dimensions diagonally. They suggest the following four groups: background actor (low influence on and of stakeholders), set stakeholders (high influence on, low influence of stakeholders), Joker (low influence on, high influence of stakeholders), and finally playmaker (high influence on and of stakeholders). Moser then concludes best-practices approaches for each group: background actors are frequently informed, professionally manage set stakeholders at acceptable costs, increase influence on jokers, and allow highest priority for playmakers (Moser P. 2009, pp. 33ff).

⁷¹⁰ Bono M. 2006, p. 83

⁷¹¹ Bono M. 2006, pp. 84ff

⁷¹² Bono M. 2006, pp. 85ff

Bono sees these steps allowing NPOs to build and maintain specific roles and relationships with stakeholders, which leads to lasting balances⁷¹³.

While Moser and Bono suggest models to classify and differentiate stakeholders, Renz omits classifications and instead suggest thinking about how to deal with the stakeholders. Similar to Bono, who points out that besides classification of stakeholders also interaction with them must be managed, Renz suggest the following four steps for stakeholder management⁷¹⁴:

1. **Identification**: search for relationships with all stakeholderd (active relationships as well as passive relationships) as an ongoing process. To achieve a comprehensive and complete identification, Renz suggests looking at relationships from a strategic perspective (who has impact on projects and who is impacted by projects), from a normative perspective (who is concerned with the mission and who recognizes and legitimizes the projects), from the perspective of process levels (what relationships arise from the strategy and management, from the business processes, as well as from the support processes and infrastructure), and finally from the environment perspective (i.e. society, nature, technology and economy as well as development sector)⁷¹⁵.
2. **Classification and assessment**: different classification schemes and approaches do exist. Which one to use is according to Renz of minor importance, important is to discuss and challenge classifications and assessments. Furthermore, Renz suggest to at least differentiating between strategic classification and assessment (i.e. benefits and damages arising from stakeholders) and normative classification and assessment (i.e. concerns, legitimacy and bearableness of stakeholders)⁷¹⁶.
3. **Actions**: how to actually approach stakeholders, with infinite possibilities to choose from (partnering, consulting, informing, manipulating, etc.). Whatever the action strategy is, communication is always of critical importance⁷¹⁷.
4. **Monitoring**: assessing if the relationship and interactions are within or outside the expected range regarding contribution, fulfillment of claims, and interference with other stakeholders⁷¹⁸.

Renz agrees that classification is important, but he sees the specific approach to be used as irrelevant. Therefore, the two suggestions of the St. Gallen Management Model, Moser,

⁷¹³ Bono M. 2006, p. 88

⁷¹⁴ Renz P. 2007, pp. 172ff

⁷¹⁵ Renz P. 2007, p. 173

⁷¹⁶ Renz P. 2007, p. 175

⁷¹⁷ Renz P. 2007, pp. 175f

⁷¹⁸ Renz P. 2007, pp. 178f

Bono and Renz are rather complementing than alternative: classification of stakeholders allows treating them differently and respectively to their particularities. By defining stakeholder management for groups, not every stakeholder must be dealt with individually, which allows approaching and managing them effectively and efficiently. And neither classification of stakeholders nor approaches for managing them are stable. Instead, both require comprehensive understanding of the stakeholders (e.g. influencing power of a marginalized group in developing countries may be small, but the media power of a NGO that supports them might be tremendous) and both must be understood as ongoing activity instead of a onetime exercise only.

Appendix XI: Service Delivery Processes for Development Aid NGOs

According to Rüegg-Stürm organizations can be understood as systems of processes⁷¹⁹, encompassing a variety of inter-dependent factors as well as relationships between suppliers and customers⁷²⁰. To address the challenges of such supplier-customer-relationship, organizations shall apply a horizontal perspective, i.e. focus on the processes that do create value for the customers⁷²¹. Such value adding processes can generally be classified into the following three categories⁷²²:

- **Management Processes:** cover all of the fundamental management tasks concerned with designing, controlling (guiding) and developing a purpose-oriented socio-technical organization⁷²³.
- **Business Processes:** they “encapsulate the practical fulfillment of the firm’s core market-related activities that are directly aimed at creating benefits for customers”⁷²⁴.
- **Support Processes:** they “serve to make the infrastructure available and to provide the necessary internal services so that business processes can be accomplished effectively and efficiently”⁷²⁵.

⁷¹⁹ A process is considered as “a series of activities, which should be accomplished in a more or less standard present sequence (activity chain), and where this accomplishment can be radically facilitated by employing information systems. The added value of a process comprises (intermediate) work outputs for internal or external process customers” (Rüegg-Stürm J. 2005, p. 52). Base on this understanding, the five elements describing a process are (Rüegg-Stürm J. 2005, p. 52): (a) Activity Chain: illustration of the most important tasks of a process and their correct sequence; (b) Activity: business task that is carried out by people and/or machines, is dependent on certain inputs form suppliers of the process, and must lead to a specific outcome, which must be delivered to internal or external customers of the process; (c) Information system: applications and databases that support activities; (d) Process control: prioritization of on-going tasks, fine-tuning the on-going fulfillment of tasks, and optimization of management for available resources; and (e) Process development: undertakings to adapt the processes to changes in requirements.

⁷²⁰ Rüegg-Stürm J. 2005, p. 53

⁷²¹ Rüegg-Stürm J. 2005, p. 51

⁷²² Rüegg-Stürm J. 2005, p. 54

⁷²³ Rüegg-Stürm J. 2005, p. 55. Management processes can be categorized into the following three central generic categories (Rüegg-Stürm J. 2005, pp. 56ff): (1) normative orientation processes (clarify the normative foundation): devising a code of conduct, or dealing with various stakeholders; (2) Strategy development processes: development of new business model, new process architecture and new process structures, or initiation of strategic alliances, mergers and acquisitions; and (3) Operative management processes: leading people, financial controlling, and quality management.

⁷²⁴ Rüegg-Stürm J. 2005, p. 58. Business processes fall into the following three categories (Rüegg-Stürm J. 2005, p. 58): (1) Customer processes: customer acquisition, customer retention, and brand management; (2) Supply chain management processes: activities leading to the customers receiving the agreed work with the agreed quality (order fulfillment, procurement, logistics and production); and (3) Innovation processes: systematic product and service innovation.

⁷²⁵ Rüegg-Stürm J. 2005, pp. 60f, similarly Renz P. 2007, p. 85 (“support processes provide the infrastructure and the necessary internal services for the effective running of business and management processes”). Support processes consist of the following seven categories (Rüegg-Stürm J. 2005, p. 67): (1) Personnel work: hiring, development, evaluation and appropriate compensation of employees; (2) Educational work: systematically providing employees with the opportunity for further qualification and establishment of a progressive teach-learn-culture; (3) Infrastructure care: provision of cost-effective maintenance for infrastructure facilities; (4) Information control:

Before adapting the process model suggested by Rüegg-Stürm to development aid NGOs, I will look at the core business processes of NGOs. While Renz does extensively describing development aid NGOs, he does neither specify what their core activities are nor does he define what their typical processes or business processes are⁷²⁶. By looking at NPO literature instead, Thomas Peter describes that NPOs have two core functions: the expressive function (pursuit ideational objectives) and the service function (conduct projects and provide services)⁷²⁷. Translating these two core functions suggested by Peter into development aid situations, NGOs have the following two core functions: ‘fundraising’ and ‘conducting projects’.

The Friburg Management Model for NPOs supports this approach: the model structures the NPO processes into the three levels system management, marketing management, and resource management (each having multiple management tasks and concepts). The model, originally designed for associations, indicates the importance of ‘marketing’ and ‘resources’. As development aid NGOs, in contrast to associations, raise funds through donations (instead of attracting members) and they meet their goals by conducting projects, possibly with outside partners (instead of providing services to members), for development aid NGOs the terms ‘marketing’ and ‘resources’ translate into ‘fundraising’ and ‘conducting projects’. The third level of the Friburg Management Model for NPOs, system management, translates into the management processes and support processes of the St. Gallen Management Model.

The St. Gallen Management Model also supports the suggestion that fundraising and conducting projects are the core business processes of development aid NGOs. It defines the following three business processes (see appendix V): customer process, supply chain management process, and innovation process. Assuming that the importance of the customer processes lies in the fact that customers pay for the services, i.e. they are the main non-repayable source of funding, it seems fair to understand fundraising as the respective process for NGOs. Assuming secondly that for development aid NGOs, supply chain processes are different for every project (i.e. a standard supply process outside a specific project is not applicable) and that each new project entails some element of innovation (e.g.

procurement of information technology to provide company data, financial data, risk data, and data with respect to key performance indicators; (5) Communication: developing and maintaining supportive relationships with stakeholders; (6) Risk control: appropriate evaluation and handling of market-related, financial, technical and communicative risks that arise from business activities; and (7) Law: providing a meaningful legal structure and legal support for business activities.

⁷²⁶ Renz P. 2007, p. 85

⁷²⁷ Peter T. 2008, p. 16

during project design) the NGO process of conducting projects is the equivalent to the processes supply chain management and innovation from the St. Gallen Management Model.

As the St. Gallen Management Model does support that fundraising and conducting project are the two core activities for NGOs to transform the inputs from suppliers to services fulfilling needs of beneficiaries (for a positioning of beneficiaries in the St. Gallen Management Model see appendix V), and combining these two business processes with the remaining process categories of the St. Gallen Management Model, leads to a service delivery model for development aid NGO as shown in figure 17.

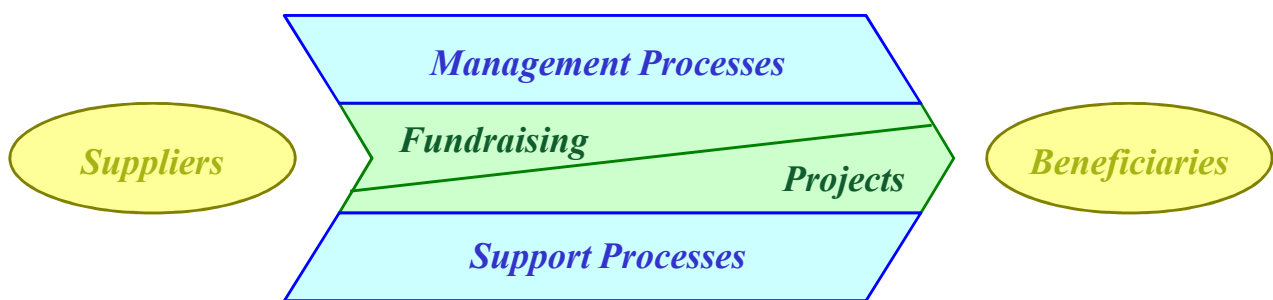


Figure 17: Service Delivery Model for Development Aid NGOs (own Illustration)

This model suggests that development aid NGOs may serve their beneficiaries primarily through conducting projects instead of (repeatedly) using (their own) permanent establishments to produce products and deliver services. And such a project-oriented development aid approach is consistent with approaches suggested by critics of traditional development aid (e.g. Moyo⁷²⁸ or Easterly⁷²⁹) as well as with the frame of this thesis as set out in the introduction (see paragraph 1.2). Given the focus of this thesis, I will not further analyze the process categories management and support processes. However, as a reference and a possible starting point for further insight, I refer to the work of Fitzgerald et al. for services companies⁷³⁰.

⁷²⁸ Gasser C. 2009, p. 50

⁷²⁹ Easterly W. 2006, pp. 382f

⁷³⁰ From a conceptual perspective, the project approach that NGOs use to deliver their services is comparable to the service model of professional services companies (such as consultancy companies, auditing companies or IT implementation companies), serving their customers by using their experience and expertise to the benefit of the customer in a project-like setting. Fitzgerald et al. categorize services companies into the following three categories: (1) mass service providers: such companies show many similar customer transactions with short customer visit time per transaction and little customization (companies are back-office oriented with little margin of discretion for the front-office apply), (2) professional service providers: respective companies having a small number of customer transactions with longer customer visit time and integration of the customer into the service delivery process leading to high customization of the services (companies are front-office oriented), and (3) service shops: while mass service providers and professional service providers are at the opposite end of a continuum, service shops are somewhere in the middle of the two (Fitzgerald L. et al. 1991, p. 12). Bente Lowendahl extends the three criteria of

For any given project, the two core business processes of development aid NGOs, conducting projects and fundraising, are interdependent. Such interdependence applies at the following three levels:

- Fundraising and conducting projects are interrelated, and may influence one another. Fundraising may influence projects through requirements of donors that the project must accommodate in order to qualify for the donation, e.g. the requirement for empowering minorities may lead to engage more women as beneficiaries. On the other hand, projects may need to have started already (i.e. being more than just a brilliant idea) to attract the right donors, or at least a ‘prove of concept’ from a similar project is required to attract the right donors.
- At the beginning of the service delivery process, fundraising seems to require more resources than preparing the project.
- Towards the end of the service delivery process, fundraising requires fewer resources than conducting the project, but some fundraising effort, e.g. communicating results back to the donors, will exist throughout the project duration, potentially even surviving the project (e.g. impact analysis and study on long-term impacts).

The service delivery model for development aid NGOs accounts for this parallel importance of fundraising and conducting projects by showing them as parallel instead of sequential processes. At the same time it also accommodates the relatively decreasing weight of fundraising (and relatively increasing weight of conducting projects respectively) during delivering of services to beneficiaries by slicing the business process arrow with a descending line.

In summary, the service delivery model for development aid NGOs describes that the core business of NGOs is conducting projects. But as the beneficiaries do not pay for the services rendered through these projects, the NGO must ensure external funding through respective fundraising approaches, tools and initiatives. Given the dependency between projects and fundraising (the details of the project define the fundraising messages and donors may influence the details of the project), fundraising is not a support process but it is core process. Besides the business processes, NGOs must also define effective management processes, i.e. managerial and organizations aspects of the NGOs objectives, initiatives and

Fitzgerald et al. (number of transactions, customer visit time, and customization of services) by the two criteria ‘knowledge orientation’ (i.e. possession of knowledge is a prerequisite to compete in the respective business) and ‘altruism’ (i.e. in cases of conflict of interests between what is profitable for the service provider and what will be the best solution for the client, the company chooses the latter alternative) (Lowendahl B. 1997, p. 18) After discussing these categories, Fitzgerald et al. as well as Lowendahl discuss deriving management approaches and suggestions for executives regarding successful service delivery.

internal processes. And last but not least, the NGO must define applicable support processes that ensure smooth and seamless business processes. All process levels must incorporate the particularities of NGOs (see paragraphs 2.2.4 and 2.2.5), the structural complexities in developing countries (see appendix VI), as well as potential aspects that require improvements according to the conducted survey (see paragraph 4.2.1.3).

Appendix XII: Fundraising Activities

In the book on fundraising, edited by the Fundraising Academy of Germany, different authors describe the range of fundraising activities that organizations may consider to use. The following list provides an overview of these fundraising activities (in alphabetical order). While this list is neither exhaustive nor detailed enough to serve NGOs to select and tailor fundraising activities to their specific situations, the list serves as an overview of potential fundraising activities that NGOs may consider.

Affinity Credit Cards⁷³¹

Affinity Credit Cards are a special implementation of co-branding cards, whereas credit cards are issued jointly by a bank (or credit card company) and by another organization. Such cards include special services to the target customers. Normally the bank handles the payment and credit functions and the second organization is responsible for marketing and customer relationship management. Banks normally support the advertising activities and they pay the second organizations a certain percentage of the transactions. Therefore NPOs benefit from additional advertising, partly paid by the bank, and the contributions from the transactions.

Alms⁷³²

Alms is the collection of money at the end of a ceremony in a church (or similar occasions and institutions). To be successful, the purpose of the alms has to be clearly announced and transparently explained. Having people being involved in the project announcing alms proves to be highly convincing and they may ask for support directly. Sometimes churches organize free alms, i.e. they decide only later to what organization or purpose the money will go to. Such free alms offer NPOs the opportunity to apply for contribution.

Auction⁷³³

Auctions are a special form of price setting. Different forms of auctions exist, such as:

- Offers are one-sided or two-sided i.e. offerings are solely quoted by the buyer, solely quoted by the seller, or by both for two-side auctions.
- Offers may be disclosed or blind, i.e. parties see all previous offers or not.
- Disclosed offers may be increasing or decreasing, i.e. potential buyers increase the price step by step until the one single buyer that pays the highest price is left (also

⁷³¹ Kröselbert M. 2006 (A), pp. 321f

⁷³² Kreh B. 2006 (B), pp. 333f

⁷³³ Kröselbert M. 2006 (G), pp. 358ff

referred to as English auction) vs. sellers/suppliers lowering the offering price until one single seller/supplier is left (also referred to as Dutch auction).

- Payments may vary, e.g. in ‘first price sealed bid’ auctions buyers provide blind offers and the one providing the highest offer wins and pays the amount that he offered, while in ‘second price sealed bid’ auctions the highest offer wins but the buyer pays the amount of the second highest offer.
- Single auctions or combined auctions, i.e. each item is auctioned individually vs. one price is offered for multiple (normally different) items.

The above characteristics may be combined to form very specific auctions. One such specific auction is the American auction, normally held in favor of charitable organizations: buyers pay the difference between their own offer and the previous offer. Another interesting option for NPOs are dream-catcher auctions where items that are normally not on sales (e.g. items donated from celebrities, special editions, etc.) are auctioned.

Capital Campaigns⁷³⁴

Capital campaigns are structured fundraising efforts allowing NPOs to attract high funds within a limited time for a specific project. Normally a few donors provide the majority of necessary funds to implement the project. Successful capital campaigns are based on top-down and inside-out approach, i.e. establish a case for support (including a feasibility study), plan project including financial requirements (e.g. how many donors at what donation level are required), approach donors, engage top executive of NPO and volunteer celebrities as advocates, and ensure internal readiness for fundraising efforts. Oftentimes a specific campaign committee is established with representatives of key stakeholders such as sponsors and donors.

Cause Donation⁷³⁵

Cause donations are donations where the person responsible for the cause (birthday, wedding, death, or business events such as new opening, etc.) asks attendees (e.g. birthday party visitors) to donate for a certain organization. Donors therefore have no or only little relationship to the organization, but a strong relationship to the cause or the person responsible for the cause.

⁷³⁴ Haibach M. 2006, pp. 371ff

⁷³⁵ Heil K. 2006 (A), pp. 325f

Celebrities in Fundraising⁷³⁶

NPOs require public interest for their concerns. Having celebrities as supporter may significantly multiply the public efforts and therewith increase publicity. Such a multiplication requires selecting the right celebrity for the NPO's beneficiaries and concerns. Celebrities may serve as door openers to other organizations, to knowledge, as well as to donors. But they also serve to motivate the organization internally, i.e. employees and volunteers. Celebrities are open as they like to help and it increases their reputation. For a NPO it is important to be clear about the target group, about the celebrities that match this target group, about what it expects from the celebrities and what the celebrities expect from the NPO, as well as if the NPO is structurally ready (internal support and necessary effort to nurse the relationship with the celebrity). Celebrities can be engaged for testimonials, direct mailings, events, boards, or as spokesmen.

Charity Recycling (donation in kind)⁷³⁷

Charity Recycling is a good way to donate without giving money and therefore it may motivate additional people to support the NPO. However, such donations maybe require significant capacity of a NPO regarding employees, logistics, technical equipment, and storage capacity. Examples include cloths, books, office equipment, computers, bicycles mobile phones, groceries, drugs, medical equipment, furniture, toys, and sports equipment. Charity recycling may be seen as commercial activities and may therefore lead to respective tax consequences.

Charity Stamps⁷³⁸

Charity stamps are stamps for which the user pays a premium, which is then donated to a charitable organization. Charity stamps have been widely adopted in many countries, however their importance is decreasing, as the number of letters and enveloped being mailed decreases.

Commercial Activities⁷³⁹

Normally NPOs are obliged to undertake activities to the benefit of the target group (beneficiaries). However, titles and legal regulations oftentimes allow NPOs to engage in commercial activities. If so they can raise funds through commercial activities such as selling of their services.

⁷³⁶ Kapp-Bartutzki U./Malak N. 2006, pp. 342ff

⁷³⁷ Andrews C./Budde Ch. 2006, pp. 350ff

⁷³⁸ Heil K. 2006 (C), pp. 361f

⁷³⁹ Andrews C. 2006, pp. 328ff

Corporate Volunteering⁷⁴⁰

Companies may support NPOs through voluntary engagement of their employees. Successful programs apply at different levels: informal recognition of employee's voluntary activities in their free time, formal estimation of employees, as well as activities to motivate employees for engagements with NPO. Some companies engage with NPOs for personnel and team building purposes, oftentimes supported by a professional coach. If corporate volunteering should serve as an investment for the participating companies, the NPO may support the company to establish a specific program that supports the company's strategy, direction and planning.

Expenditure Donation⁷⁴¹

Employees, members or suppliers waive their entitlement (for payment, compensation, etc.) and donate the respective value to a NPO. Such donations may require legal considerations in order to be recognized as donation and they lead to tax advantages (for donors as well as receiving persons or organizations).

Fine Marketing⁷⁴²

Certain legislations allow distributing fines to different beneficiaries, e.g. distribute 90% of a payment to waive a custodial sentence to a variety of NPOs (10% may reside with the state). If applicable, NPOs may take systematic measures to repeatedly gain from such distributions. The measures heavily depend on the particularities of the applying legislation, but they normally include establishing clear communications towards judges and prosecution, proposing specific projects that are related to the case and/or to the fine, and make sure to be on the list for judges to choose NPOs from, if applicable.

Foundation Marketing⁷⁴³

Foundation marketing describes the strategic development of NPO funds through foundations, i.e. grant-making organizations. It is an ongoing process, which tries to access foundations and acquire them as major donors. Success is normally only mid- to long-term. Depending on the foundation's structure and processes, foundation marketing might be similar to major donor fundraising, or more comparable with public contributions. Normally the foundation's executives (general manager or board) decide upon project applications, based on the foundation title and internal regulations, which allows NPOs to approach the decision makers and maybe offer a tailored project or program that offers a win-win

⁷⁴⁰ Haunert F. 2006 (A), pp. 445ff

⁷⁴¹ Kröselbert M. 2006 (B), pp. 325ff

⁷⁴² Billeter H./List-Gessler B. 2006, pp. 410ff

⁷⁴³ Starz S. 2006, pp. 435ff

situation for both organizations. As with any major donor or public contribution, the risk of foundation based funding might be that, based on the importance of their contribution, the sponsoring foundation imposes too many restrictions or conditions onto the NPO regarding what projects to conduct and how to run them.

“friends of”-Association⁷⁴⁴

Establishing associations (or other legal entities) with the sole purpose to raise money for a specific NPO. The arising contributions can serve as solid baseline of the NPO’s funding. Such “friends of”-associations also increase identification of (potential) donors (i.e. members) with the projects of the NPO and maybe allow the recruiting of volunteers if needed (e.g. for a special event). A risk associated with such “friends of” -associations is that the people engaging in such an association might try to influence the NPO.

Legacy Fundraising⁷⁴⁵

The idea of legacy fundraising is to secure legacies from private persons, foundations, and other contributors, which will be distributed in case of death. The target audience is decedents, heirs, and founders. While this target group is relatively small, the potential donation amounts are significant, but it might require a significant amount of time (up to 20 years) and personal attention to attract legacy donors. The current demographic situation in developed countries, coupled with an increased wealth of elderly people, makes legacy fundraising increasingly interesting for NPOs. The length of legacy fundraising activities as well as the required resources involved for planning, establishing the necessary structures, building the required skills, designing communication messages and measuring success are critically important. To start a strategic legacy fundraising initiative, loyal donors are oftentimes a good starting point.

Major Giving Programs⁷⁴⁶

The idea of major giving programs is to cluster donors and then use specific activities for their communication, acquisition, and retention. Greenpeace Germany clusters high donors (annual donations of between EUR 500 and 999), major donors (annual donations of between EUR 1,000 and 9,999), and top donors (annual donations of EUR 10,000 and above). The respective activities for each cluster may include:

- **High donors:** analyze donation patterns; try to upgrade donors; suggest project oriented donations, earmarked for a specific use; strengthen the relationship of the

⁷⁴⁴ Kreh B. 2006 (A), pp. 330ff

⁷⁴⁵ Albert J. et al. 2006, pp. 396ff

⁷⁴⁶ Stöhr M. 2006, pp. 363ff

donor to the organization and the identification; and communication should emphasize the special importance of the donation's purpose.

- **Major donors:** analyze donation patterns; focus on one-time as well as repeated donations; offer personal liaison and support; provide incentives and invitations to events; suggest project oriented donations; and offer personal communication as well as face-to-face meetings. Communication focuses on what the future plans are.
- **Top donors:** this group holds a very small number of donors, but each of them might provide fundamental funding. The most important question is whether to ask existing top donors for a specific funding, or to acquire a new top donor. Acquiring a new top donor may take up to two years.

Major giving programs are cost intense as personal communication and interactions take up significant time of highly qualified employees and volunteers.

Membership fees⁷⁴⁷

Besides “friends of”-associations where member contributions are donated to the pre-defined NPO, an association may collect membership fees, and the members only later decide how the funds are used, i.e. what organizations the funds to distributed to.

Matching Funds⁷⁴⁸

The idea of matching funds is to multiply donations: a person or institution pledges itself for a certain contribution under the condition that someone else contributes also (sometimes this second contribution must match a certain level, e.g. an institution agrees to double or triple each donation). If a company matches donations of their employees, the employees are motivated to donate, it increases the company's reputation, and it increases the motivation of employees to work for such a company. Variations or combinations with additional activities may apply, such as companies supporting their employees in the respective social undertakings (e.g. offering seminar rooms, allow additional vacation time, etc.).

Payroll Giving⁷⁴⁹

Under a payroll giving scheme, the employer deducts every month a certain amount from the employee's salary and donates it to NPOs. Each employee may decide on the amount individually, and the donation can go to one NPO, several NPOs, the employee may choose from a list, or the employee may specify any NPO as beneficiary. Payroll giving is especially interesting when coupled with matching fund (the company increases the

⁷⁴⁷ Heil K. 2006 (B), pp. 336ff

⁷⁴⁸ Kröselbert M. 2006 (C), pp. 335f

⁷⁴⁹ Kröselbert M. 2006 (D), pp. 348ff

donation by the same amount). Payroll giving may apply to certain salary components (such as overtime or bonuses) and may be used for a specific project that contributes back to the employee or company, e.g. increasing reputation. For the success of such initiatives, the administrative capabilities to process such salary deductions and to allocate the funds to NPOs are critically important.

Public Contributions⁷⁵⁰

Public contributions are payments by government entities to non-governmental organizations. They normally apply where the government has an interest that the NPO undertakes certain activities or projects, ranging from healthcare, agriculture, to culture. Therefore many opportunities potentially exist to tap into public funds. However, NPOs must typically be prepared for a significant bureaucratic effort to successfully attract public funds. These efforts include an application with project or program description and financial plan, which itself needs thorough planning, periodic reporting during execution and project implementation, as well as a final report including expenditure accounting, outcome description and impact evaluation. Public contributions may come in many forms, sometimes attached with a contract and multiple constraints, side conditions and clauses. One such constraint might be that funds are released according to a certain schedule, which requires matching expenditures with the respective income according to this schedule.

Raffle⁷⁵¹

Raffles are an important source of income at events. Oftentimes prices consist of items that have previously been donated by companies or persons. Therewith raffles may be used in combination with charity recycling, and convert the donated items and goods into money. The success of raffles typically depends on two factors: first, the prices must be attractive, especially the main price; secondly the moderator and the sales team are critically to raise as much money as possible. Raffles may be applicable to legal regulations which must be strictly followed, and which therefore may complicate such activities.

Selling of symbolic Participation⁷⁵²

Symbolic items or some title/share may be sold or given to donors to show appreciation for their support. It is important that all forms of participation match the supported projects (e.g. for an observatory to sell titles for stars). Symbolic items, if being displayed, not only remind and therewith reinforce the relationship between the donor and the organization,

⁷⁵⁰ Belle M. 2006, pp. 429ff

⁷⁵¹ Kröselbert M. 2006 (F), pp. 355ff

⁷⁵² Kreh B. 2006 (C), p. 357

titles or shares may even be on display at a company's sales location and therewith, being visible to customers, support the donor's own reputation. To prevent being classified as sales and subsequently being taxed, the value of symbolic items must be lower than the donated amount.

Sponsoring⁷⁵³

Sponsoring is a contractually agreed, publicly visible transaction based on service and return service. For companies it is a means of communication, for NPOs it is a source of funds. Companies use sponsoring for public relations, increase customer loyalty or acquire new customers. Sponsoring allows companies to demonstrate social responsibility. Nevertheless, sponsors, unlike for other forms of donations or contributions, look for a return, e.g. through low price or significant effect (such as approach new target groups, linking and tying target groups, or meet specific communication objectives in typically an emotional environment). To meet these objectives, the sponsoring message of the company has to be linked to the supported project of the NPO.

Sponsorship⁷⁵⁴

Traditionally started as child sponsorships for orphans, sponsorship today applies to different aid situations and beneficiaries. Sponsorships allow long-term binding and engagement of donors, in the case of child sponsorship even a very personal and maybe intimate relationship between the donor and the supported child. This direct relationship motivates many donors to decide for sponsorship models. Normally such sponsorship engagements are mid- to long-term and the identification of donors intensifies over time. A sponsorship program normally has a significant long-term impact on the environmental, social, and economic situation of the supported child that goes far beyond the initial support (e.g. schooling).

Street Work⁷⁵⁵

Personal canvassing is the most efficient way to acquire new donors and supporters. Such street work increases the NPOs popularity, awareness and image, sometimes supported through distribution of brochures and incentives (post cards, stickers, etc.). In addition, the NPO aims to contact people that are especially affine to the objectives and the work of the NPO. Such contacts and addresses will be later used for follow-up activities. And last but not least, street work does raise funds.

⁷⁵³ Haunert F. 2006 (B), pp. 447ff

⁷⁵⁴ Eisert W. 2006, pp. 338ff

⁷⁵⁵ Kröselbert M. 2006 (E), pp. 353ff

Appendix XIII: Fundraising Channels

In the book on fundraising, edited by the Fundraising Academy of Germany, different authors describe the range of fundraising channels that organizations may consider to use. The following list provides an overview of these fundraising channels (in alphabetical order). While this list is neither exhaustive nor detailed enough to serve NGOs to select and tailor fundraising channels to their specific situations, the list serves as an overview of potential fundraising channels that NGOs may consider.

Door-to-Door⁷⁵⁶

Door-to-Door fundraising is a form of direct marketing where the target group is approached directly and actively. The objective is to win donors long-term through a personal approach and dialogue. The six important tokens for door-to-door fundraising are: unsolicited contact, in public, asking for financial support, employing educated personnel, strategic execution, and being planned as part of a broader fundraising strategy. The main objective is growth, i.e. approaching a broad audience of new donors - branding and intensified donor relationship is only possible in combination with other campaigns. While the personal dialogue allows approaching potential donors individually, it is not always easy to convince donors from the norms, mission and programs of the NPO. Therefore, donors acquired through door-to-door activities may remain a special group with different motivation for donations than donors that engaged with the NPO on their own initiative. The success criteria for door-to-door activities include: personnel, areas, time of the day, material and equipment, as well as appreciation and evaluation.

Events⁷⁵⁷

Normally it is not easy for event managers to satisfy the expectations of customers and the audience. For charitable events, these expectations are not any different than for commercial events. NPOs use events as a platform for public relations, profiling, cultivate existing relations and initiate new ones, collecting donations (money, time and items), presenting sponsoring partners, merchandising and product selling, etc. Events may serve as a key tool to meet donors annually, promote ideas, as well as to strengthen the relationship and participation of donors. In any case, something special must be offered to the donors, such as emotional cater by engaging donors in play-along activities, which also fosters the donors to grow together as a group and sharing the sense of common interests.

⁷⁵⁶ Buchhaus R./Raths R. 2006, pp. 518ff

⁷⁵⁷ Burens P-C. 2006, pp. 536

Face-to-Face⁷⁵⁸

While other fundraising channels strive for masses and selection, face-to-face activities seek individualization and support. In no other fundraising activities donors are as much at the centre of communication as with face-to-face activities. As face-to-face activities normally require significant resources regarding time, personnel and money, it typically applies only to selected groups of donors such as top-donors, grant-making foundations or audiences in the field of legacy fundraising. In face-to-face contact, organizations must try to not only present the own organization's projects, but to also get to know each donor individually⁷⁵⁹. Such knowledge allows to understand and 'read' the donors correctly, to provide the appreciation that they expect, and to align project objectives with their values. 80% of a discussion should be listening, only 20% talking. A face-to-face discussion has normally five steps: preparation, start the discussion (e.g. introducing someone), the ask, appreciation, and documentation. To guide a discussion in such a way, the person conducting the face-to-face discussion must be highly professional.

Mailings⁷⁶⁰

A mailing is a written, addressed advertising by mail. It is the most often used direct advertising channel in fundraising. This is routed in the advantages of mailings: it is the most direct way to communicate to donors (besides personal talk), multiple people can be approached at the same time but still individually, and the success of mailings can be measured immediately. However, the success of mailings still depends on the trustworthiness of the organization, presenting persuasive projects, selecting the right addresses, tailoring designation to the target audiences, choosing the right point in time, and appreciation of donations.

Mass Media⁷⁶¹

Mass media are technical distribution means and resources, which allow persons or organizations to approach a broad audience. According to this definition, print media, radio, television and networks are mass media, while personalized letters, phone calls and emails are not. However, given the evolving technologies, i.e. letters and emails may be automatically distributed to a broad audience within a short time and with little additional effort per additional recipient, this boundary is blurring. NPOs successfully use mass media for agenda setting (influence public opinion), presentation (emotional, appreciating,

⁷⁵⁸ Kern B 2006, pp. 548

⁷⁵⁹ Getting to know donors individually includes knowing birthdays, opinions, likes, dislikes, family situation, significant experiences that shaped the personality, etc.

⁷⁶⁰ Urban-Engels A. 2006, pp. 489

⁷⁶¹ Müllerleile Ch. 2006, pp. 459ff

depreciating), gratification (benefactors are honored in public), updating (presenting new aspects, convey movement), as well as to construct reality. Constraints regarding technology, time and content do condition the use of mass media: television needs moving pictures, radio needs original sounds, and print media as well as the internet needs up-to-date text. Television is leading regarding immediate impact and therewith the ability to attract donations.

Merchandising and Product Selling⁷⁶²

In fundraising, merchandising is the commercial promotion of sales for goods and services offered by or offered in participation with NPOs. In contrast, product selling is the commercial sales of goods and services by or in participation with NPOs. Prices typically represent the value of the goods or services, in contrast to giveaways (no price or lower price) or symbolic participation (higher price). Merchandising offers the buyer an immaterial added value such as positive feeling, emotional attraction or value based tying. For merchandising and product selling, for-profit oriented business approaches and economic rules apply, including respective tax, competition and intellectual property legislation. While merchandising allows NPOs to attract additional resources, there is a certain risk to harm or damage an established social brand. Before entering the field of merchandising or product selling, NPOs must be clear what fits them and why: what is the value of the own Logo? Do customers understand the product or service and is it valuable to them? Who distributes the product or services (including channels, stock, warehouse, advertising, etc.)? What image will spill over (from the NPO to the partnering organization, as well as from the partnering organization to the NGO)?

Multi-Channel-Fundraising⁷⁶³

Advertising becomes increasingly ineffective as consumers are confronted with thousands of advertising messages each day. Combined with a tendency of donor's decreasing interest to donate to new organizations, acquiring new donors becomes more costly. At the same time, people have access to an increasing number of communication channels, which includes, beside the traditional newspapers, radio, phone and television, new channels such as cell phones, SMS, email, internet, as well as mobile internet. Therefore, users can freely choose which channels they prefer, and NPOs in turn must adjust their communication strategies to fit these new communication preferences. The combination of different channels to a systematic unit and transmitting a single, consistent message across all channels is referred to as multi-channel fundraising. Such an approach looks at

⁷⁶² Koss U. 2006, pp. 528

⁷⁶³ Fischer K. 2006, pp. 557

communication from a user's perspective: users (donors, partners, interested parties) may communicate and react to such communication through their preferred channel at their preferred time. Research of commercial as well as NPO-related multi-channel undertakings suggests that multi-channel communication achieves higher level of convenience, high acceptance by donors, and it allows establishing communication loops. Instead of sending emotional impulse only, multi-channel communication allows for dedicated ways of reaction by and to donors, as well as retention and cultivation of existing relationships. The main objectives of a multi-channel fundraising initiative are: attract public awareness, offer means for responses and answers, asking and processing donations, as well as involvement and cultivation of donors and target groups.

Online Fundraising⁷⁶⁴

Online fundraising is fundraising based on online communication, with online communication being communication based on networks and facilitated by the TCP/IP protocol. Online communication is distributed digitally, it is interactive and bidirectional, i.e. sender and receiver of the communication may change roles at any time, and it is typically accessed by screen. The most important channels include email (a push media which allows a one-on-one communication which is typically more informal than conventional communication and which also appears to be more personal), discussion forums, newsgroups, chats (while all other channels described are asynchronous, i.e. a dialog takes place with a time delay, chats are synchronous), and websites (a pull media, i.e. the user must be active searching for information⁷⁶⁵). While the objectives of online fundraising are the same as with other fundraising channels, online fundraising is especially suited to increase the organization's image, to attract and reach a younger audience, as well as to acquire email addresses. For successful online fundraising, NPOs must decide on partnerships, web master, banner ads, and search engines including search engine marketing. The four steps necessary towards these decisions are definition of the target group, develop message, develop search terms, putting the content online, as well as monitoring and evaluation.

Telemarketing⁷⁶⁶

Inbound telemarketing describes efforts of an organization to ensure that phone calls initiated by (potential) donors are answered in a service oriented way and that they are dealt with individually. Outbound telemarketing describes efforts of an organization to regularly

⁷⁶⁴ Viest O. 2006, pp. 474ff

⁷⁶⁵ The challenges to master the communication course are: attract users, animate users to occupy themselves with the content, users to abandon their anonymity, bind users by dialogs, and motivate users to conduct transactions.

⁷⁶⁶ Tapp P. 2006, pp. 510ff

initiate calls to (potential) donors. Telemarketing is often used together with other fundraising activities to intensify the relationship to donors (and/or members). It serves the wish of donors and members for individual designation and care.

Appendix XIV: Fundraising Skills and Tools

In the book on fundraising, edited by the Fundraising Academy of Germany, different authors describe the range of fundraising skills and tools that organizations may use for successful fundraising. The following list provides an overview of these fundraising skills and tools (in alphabetical order). While this list is neither exhaustive nor detailed enough to serve NGOs to select and tailor fundraising skills and tools to their specific situations, the list serves as an overview of potential fundraising skills and tools that NGOs may consider.

Addresses⁷⁶⁷

For direct mailing activities, which generate the majority of funds for NPOs in Germany, accurate, up-to-date and readily available addresses are the most important, while also the most under-valued, step to success. Millions of funds may lie behind every address (if the person behind the address becomes a donor, a friend, or dedicates his legacy to the NPO). However, acquiring an address, the right address with the right information such as consumption behavior, approaching the person the first time and maintain the address, is costly and on average pays back within 2 years only (for Germany), i.e. new donors contribute to the projects of the organizations only after two years of donation, beforehand they only pay off the costs caused by their acquisition. Besides buying addresses from a broker, NPOs may consider less expensive options such as placing articles in local newspapers and adding a feedback coupon, conduct a door-to-door or street activity, collaborate with other organizations and use their addresses, and tell family, relatives and friends about your effort to collect addresses - the word of mouth is a strong tool to attract new donors and access to addresses.

Database⁷⁶⁸

A database is the most important application for NPOs as it supports fundraising. A database, regardless whether it is a sheet of paper or a sophisticated IT application, holds all relevant information for fundraising and it supports and documents related processes and transactions, including donations. The benefit of a database depends largely on how the NPO uses it. Normally a database should support managing and supporting partners, donation accounting, and relationship management (distinct for at least top donors, patrons, sporadic donors, volunteers, and others), with integration of document management and project management being an added value. Besides selecting the right database (based on an in detail requirements assessment), operating the database, i.e. making sure that the

⁷⁶⁷ Crole B. 2006, pp. 613ff

⁷⁶⁸ Detering R. 2006, pp. 585

information is available, up-to-date, accurate, accessible, but still sufficiently confidential and highly secure, is critical for a NPO's success.

Market Research⁷⁶⁹

Market research aims to provide base data and understanding of the market (for donations) in which the NPO is active. This data then allows taking the necessary strategic decisions regarding marketing and fundraising. While such market data is important, the publicly available data sets oftentimes provide basic information and segmentation only, e.g. social-demographic (age, sex, occupation, etc.) and social-economic (income, etc.) information. Therefore, many NPOs strive to collect individual data that specifically serves the needs of the organization, sometimes sophisticated tools such as semiometric approaches, i.e. modeling psychographic data, are used to achieve individualization of the data and can then be used to define activities and operational details. An important distinction for future fundraising that market research has to elaborate is loyalty versus commitment. While 'loyalty' describes a certain routine of a person, the probability that the person will act in a certain way without necessarily looking at the emotional link between the person and the NPO, 'commitment' describes intentions and a certain way of thinking, a psychological and emotional link to the NPO with commitment normally leading to loyalty. This distinction is important to then design specific fundraising activities for committed donors and for loyal donors. A certain limitation to such individual data might be privacy consideration and respective privacy protection legislation.

Media Planning⁷⁷⁰

Media informs and entertains, it shapes opinions, attitudes, judgments, prejudices, as well as intentions and actions of users. Media transports messages (information, advertising, opinions) and it is therewith capable to change lifestyles as well as the spirit of the time. The media market is increasingly competitive, partly because of the appearance of the internet and cell phones as new media tools, but more so because media companies aim to increase velocity, reach and quota. Success in using the media to transport the NPO's own messages depends on appropriate media planning, i.e. decision within what timeframe to target which audience, and through what channels at which locations. Media planning is planning to reach the right people, at the right time, with the right frequency, at acceptable or given costs. To achieve this goal, media must be analyzed quantitatively and qualitatively to balance reach and matching of target group with costs. Preconditions to media planning include defining marketing and fundraising objectives for each target group, define the

⁷⁶⁹ Mathke S. 2006, pp. 600ff

⁷⁷⁰ Kroeber W. 2006, pp. 625ff

budget, as well as to clarify the communication platform, frequency and timing. The following considerations support media selection: print run, regional coverage, penetration, contacts between media and users, matching of target group, image, editing and arrangement, production, value for money, ability to influence the media, business terms, timing and available time frames. Media is typically selected based on existing contacts to a media, including previous experiences, affinity, reach, gross rating point, i.e. share of a media's reach out of the sum of the reach of all competing medias, broadest range of users, i.e. number of users that read at least one out of 12 editions, core users, and cost to reach one thousand recipients.

Soft Skills⁷⁷¹

Fundraising is a person-oriented profession, and it builds on friend-raising. For long-term success, know how, expertise and professional competence are necessary but not sufficient. In addition, soft skills are necessary to build trust and establish long-term relationships⁷⁷². Soft skills describe the cognitive and affective human charisma that a person applies in different situations and functions to cope with the specific situation. The elements of soft skills are: personal skills (own attitude toward oneself, to the environment, and to the work; as well as trustworthiness which is especially important for fundraising), social skills (knowledge, capabilities and competence to act accurately in our relations with other humans in any situation), professional skills (besides specific knowledge, e.g. fundraising, these skills include interdisciplinary expertise such as foreign languages, first aid, security, good manners, etc.), methodological skills (skills regarding conducting tasks and solving problems, including planning and execution of strategies, as well as presentation and negotiation skills), and implementation skills (ability to apply the skills appropriately in any given situation, understanding of systemic interrelations, and ability to change perspective to a meta level).

Text and Images⁷⁷³

The key objective of fundraising messages is to emotionally reach people, and to motivate them for donations. This requires clear and engaged wording, easy to understand message and a non-interchangeable communication. But to tap into the user's zest of reading, NPOs must consider additional elements than the wording only: first impression of an envelope (in case of mailings), impression of layout, attractiveness of small reading bits such as

⁷⁷¹ Ehlers I. 2006, pp. 571ff

⁷⁷² Similar to fundraising success, soft skills are also essential for career success in commercial companies. A study by IBM describes that the following 3 factors contribute by the respective percentages to a career of a person: performance (10%), image and impression (30%), and exposure and name recognition (60%). Therefore, professional competence accounts for 10% of career success, 90% are based on soft skills (Ehlers I. 2006, p. 571).

⁷⁷³ Schraven T./Satenphul J. 2006, pp. 647ff

descriptions to pictures, the potential of the NPO's projects to interest people, the rightfulness of the argumentation chain, and last but not least the ask for donation. The main considerations regarding text and images are: win the reader's attention (by selecting the most appropriate project for the target audience, by making a winning impression through look-and-feel and dramaturgy, and by being very clear and as simple as possible on the messages and facts), typography (using wide spaces to make reading easy for the eyes, use maximum two different font types and sizes only, do not place letters vertically, use optical axis but only a limited number of them, and do not use capital letters for long words or entire sentences), logo (clear and simple, without allowing for misinterpretation, ease of technical reproduction under different scenarios and on various materials), and language of images (consistency of images and the messages, less images are more, maybe a section only is better suited to convey a message than the whole picture, and clarify intellectual property and reproduction rights).

Appendix XV: Project definition, related project terms, and classification approaches

1 Project Definition

The term project is used to hold a broad variety of initiatives and managerial undertakings. The definition approaches for projects mirror this variety, many of them being related to the characteristics of certain initiatives, but only few of them formulating a generic definition for projects. One author that does define projects generically is Dennis Lock, describing the principal identifying characteristic of a project to be its novelty. No two projects are ever exactly alike, “even a repeated project will differ from its predecessor in one or more commercial, administrative or physical aspects”⁷⁷⁴. Pointing to novelty only, Lock does not necessarily offer a definition (e.g. when does an idea become a project?). Jürg Kuster et al. also see novelty as a key criteria, but they extend the list to the following nine criteria: projects lead to change, they are delimited, they include some level of innovation, they are complex, their character (i.e. vision, concept and execution) changes for each project phase, their planning and managing is difficult, they require special resources, they are associated with risks, and they require some form of organization⁷⁷⁵. As definition derived from these characteristic they suggest⁷⁷⁶: a project is a unique, inter-divisional, temporal finite, purposeful, multidisciplinary intention that is of such importance, criticality and urgency that it cannot be handled by the existing ‘line organization’⁷⁷⁷, instead particular organizational dispositions are necessary.

The definition suggested by Kuster et al. uses the existing ‘line organization’ as reference point, and only if the existing line organization cannot support the execution of planned undertakings, a project evolves. This definition assumes that a line organization does exist⁷⁷⁸ and that the current processes and capacities of the line organization define whether or not an initiative is considered to be a project. The definition does not take into consideration why the initiative was started and what the intentions and objectives initially were. A second limitation of the definition is, that it does not describe at what point in time the project actually starts to exist. A narrow interpretation of the definition may conclude

⁷⁷⁴ Lock D. 2003, p. 4

⁷⁷⁵ Kuster J. et al. 2006, p. 4

⁷⁷⁶ Kuster J. et al. 2006, p. 4

⁷⁷⁷ ‘Line organization’ refers to the existing organizational setting of an organization, i.e. its capacities and capabilities to execute processes, serving customers, employee collaboration, and decision-making (Kuster J. et al. 2006, p. 4).

⁷⁷⁸ The assumption of existing line organization may not be fully true for consultancy companies and other project oriented organizations as they only have a line organization for support processes but not necessarily for the core business processes, i.e. providing consulting services.

that a project only exists once it is defined in detail, i.e. involved partners/people, time, purpose, importance, necessary resource, as well as criticality and urgency are defined (i.e. the gap of to the line organization is understood in full detail). But during the time that the initiative is an idea only, without having the details defined yet, e.g. during collecting of requirements without knowing their criticality, the undertakings are not a project yet. Thirdly, the term inter-divisional might fall short for small organization (that may have one division only). The concept of inter-divisional should be extended to also include collaboration with partners that are outside of the own organization.

Based on the three critics mentioned above, the project definition to be used in this thesis is: *a project is a shared commitment by multiple partner to undertake one or more unique, temporal finite, purposeful, multidisciplinary, intended or effective undertaking that is or may become to be of high importance, criticality and urgency, that requires particular organizational dispositions, and that surpasses each partner's current area of influence and responsibility.* While this definition addresses the critics raised for the definition suggested by Kuster et al. from the perspectives of development aid NGOs, it raises the questions to define 'partner'. As the following paragraphs show, the respective term must be understood broadly for the context of development aid NGOs.

2 Definitions of related Terms

The project definition discussed in the previous paragraphs call for further definitions of what may be understood as project partners, as well as to describe the different roles that apply in project planning and execution. The following paragraphs define respective project-related terms.

Project Customer: *Person or organization for which the project is conducted.* While Lock suggests project customer and project owner to be interchangeable terms⁷⁷⁹, they seem to be different terms for development aid projects where customers do not necessarily pay for the project results (see appendix V). For development aid projects, the beneficiaries are seen as project customer.

Project Contractor: *Person or organization that is principally responsible to execute the project work as set out in the project requirements.* Lock uses this term in a broad context, e.g. regardless of whether or not the project is carried out against a formal contract⁷⁸⁰. For

⁷⁷⁹ Lock D. 2003, p. 15

⁷⁸⁰ Lock D. 2003, p. 15

development aid projects, the NGO itself or local implementation partners are typically seen as project contractor, possibly supplemented by the engagement of beneficiaries and other service providers (i.e. beneficiaries may be customers and contractors at the same time).

Project Owner: *the project owner is the final decision maker regarding all aspects of the project.* The main responsibilities include: define the strategic conditions, set priorities, support project management, grant access to resources (including funding of the project), open doors, representation of the projects to the outside, and motivation⁷⁸¹. While it is the donor who typically provides the funds for development aid projects, he may not necessarily be seen as the project owner. Rather, the project owner is the NGO that makes the fund available through fundraising activities, that holds all other responsibilities listed above, and that guarantees that the donor's funds are used for the purposes that the donor has given the money for (see paragraph 2.2.5.4).

Project Steering Committee: *the project steering committee is the extended project owner and it is responsible for the overall steering of the project as well as to take preliminary decisions.* The steering committee typically consists of representatives of higher management and important stakeholders⁷⁸². For development aid projects, steering committees typically engage a broad variety of representatives, including donors and beneficiaries, and they are multi-discursive and multi-lingual (see paragraph 2.2.4.2).

Project Sounding Board: *the project sounding board accompanies the project and provides feedback on important achievements.* Sounding boards are usually applicable to projects with many stakeholders, with sounding board members representing these stakeholders. The members discuss and influence the project as representatives of the respective stakeholders and therewith ensure broad acceptance of the project and the resulting changes⁷⁸³. As sounding boards need acceptance of the stakeholders that they represent, and as such acceptance may only evolve through repeated interactions over a longer period of time (i.e. based on a previous project), sounding boards may only effectively apply for bigger development aid projects or in cases where projects are repeatedly conducted with the same stakeholders.

Project Portfolio Manager: *the project portfolio manager is responsible to prioritize, manage and coordinate the operational execution of a number of projects.* This role is

⁷⁸¹ Kuster et al. 2006, p. 90

⁷⁸² Kuster et al. 2006, p. 91

⁷⁸³ Kuster et al. 2006, p. 91

typically a permanent function, having a seat in the management board, sometime holding the title as Chief Project Officer⁷⁸⁴. In development aid projects, where a number of different projects are conducted under potentially significantly changing conditions, the task of balancing different projects is critical to ensure that the right level of attention is given to the right project at the right moment in time.

Project Manager: *the project manager is responsible for the operational execution of the project.* Oftentimes one single person is responsible for the overall execution of the project, but sometimes multiple project managers apply (e.g. one from the project customer and one from the project contractor). If there are multiple project managers, the roles must be complementary and clearly defined⁷⁸⁵. Besides the operational execution of the planned project tasks, the project managers in development aid projects are also responsible to constantly analyze the environment in which the projects take place as well as whether or not the underlying assumptions of the project plan still hold true.

Project Team: *the project team holds the responsibility to execute the project with regards to content.* The team may be structured into sub-teams to ensure efficiency of meetings and workshops; i.e. not all members need to be present in all meetings⁷⁸⁶. Development aid projects that engage beneficiaries typically involve team members that are inexperienced in project work, i.e. to jointly contribute to a quality-time-cost triangle and deal with the inherent trade-offs (see appendix XV, paragraph 4), contribute to a goal within a team, based on division of labor, work in a setting with temporal relationships only (with potentially limited trust due to the lack of previously established working relationships), or be under the leadership of a project manager that is not necessarily the line manager (i.e. not the formal foreman or not the head of the tribe). To accommodate such inexperience and for the respective beneficiaries to ride learning curves, a small pre-project may be considered having simpler objectives and easier tasks than what the actual project later will have, or the first milestones are relatively easy to achieve in order to allow for learning.

Project Sub-Team: *a project sub-team executes specific aspects of the project.* Project sub-teams oftentimes have a temporary character⁷⁸⁷.

Project Partners: in this thesis project partners are the sum of all *people and organizations, including their employees, engaged in planning, execution and management of a given*

⁷⁸⁴ Kuster et al. 2006, p. 90

⁷⁸⁵ Kuster et al. 2006, p. 91

⁷⁸⁶ Kuster et al. 2006, p. 91

⁷⁸⁷ Kuster et al. 2006, p. 91

project. It is therefore the group of people that collaborate on and for a project, and that are collectively responsible for the success of the project. The term project partner is unspecific regarding roles, persons or organizations, and therefore it either applies for early stages of projects (where roles have not been defined in detail and not been allocated yet) or in cases that the overall collaboration, instead of the contribution of a specific role, is of particular interest or importance.

3 Project Classifications

Project classification serves to structure projects into generic groups to then derive conclusions regarding similarities, and therefore how to manage respective projects, what tasks and expertise to include and what priorities to set. Most authors suggest classifying projects based on their nature, such as Denis Lock who suggests the following four project classifications (the characteristics and project management considerations for each class are described in the footnotes 789 to 792)⁷⁸⁸:

- Civil engineering, construction, petrochemical, mining and quarrying projects⁷⁸⁹,
- Manufacturing projects⁷⁹⁰,
- Management projects⁷⁹¹, and
- Research projects⁷⁹².

Other authors suggest that a single classification approach is not sufficient to derive project management requirements. Instead, they suggest looking at projects from different classification angles, such as Kuster et al. who suggest to classify projects by objectives, by their social complexity and thirdly by the scope of their tasks. Looking at projects from the first such angle, objectives, reveals the following project classifications⁷⁹³:

- Investment projects,
- Infrastructure projects,
- Product development projects,
- Organizational projects,

⁷⁸⁸ Lock D. 2003, pp. 4ff

⁷⁸⁹ Civil engineering, construction, petrochemical, mining and quarrying projects are remote to the contractor's head office, special risks incur, they require massive capital investment, they require rigorous management of progress, and sometimes many specialists and contractors participate in them because of their magnitude.

⁷⁹⁰ Manufacturing projects aim to produce a piece of equipment (machinery, ship, aircraft, hardware); they are sometimes purpose-built for a single customer only, they are sometimes intended for subsequent manufacture and sale in quantity, and they are mainly conducted at the manufacturer's factory.

⁷⁹¹ Management projects include headquarters relocation, introduction of new computer system, launching marketing campaign, organizational restructuring, etc.

⁷⁹² Research projects last for many years, consume vast amount of money, carry a high risk as they attempt to extend the boundaries of current knowledge, and project objectives are typically difficult or impossible to define.

⁷⁹³ Kuster J. et al. 2006, p. 7

- Organization development projects,
- ICT projects (Information- and Communication-Technology), and
- Construction projects.

Regarding social complexity and scope of tasks, Kuster et al. suggest combining the two angles into a two-by-two matrix. Separating social complexity into low and high and scope of tasks into narrow and broad leads to four project types (see figure 18)⁷⁹⁴.

		Scope of Tasks	
		Narrow	Broad
Social complexity	High	Acceptance building Project	Pioneering Projects
	Low	Standard Project	Potentiality Project

Figure 18: Project Complexities (Kuster et al. 2006)

Jean Binder offers a third classification approach based on the physical (or non-physical) location of a project⁷⁹⁵:

- **Traditional project:** a large majority of the team members are working for the same organization and in a single location.
- **Distributed/international projects:** involves team members working for the same organization but in many international locations.
- **Virtual projects:** are composed of team members dispersed geographically and working in different organizations.

In addition to these three main project classes, Binder identifies global projects, which combine the challenges of distributed/international and virtual projects. For global projects he suggest to look beyond the location in order to understand the management requirements and to evaluate the project's characteristics and complexities. As analysis tool for global projects, Binder suggests a spider web graph with the following five dimensions: number of distant locations, different organizations, different country cultures, different languages, and different time zones (see figure 19⁷⁹⁶)⁷⁹⁷. Extending his location-based classification and

⁷⁹⁴ Kuster J. et al. 2006, pp. 5f

⁷⁹⁵ Binder J. 2007, p. 1

⁷⁹⁶ Rating a certain projects regarding these five dimensions indicates the overall complexity of the project (the further to the center the less complex, the more to the edges the more complex the project is). Alternatively, different colors may apply, i.e. mapping the complexity of communication between the project manager and the project team in one

suggesting five assessment dimensions for global projects, Binder implicitly concludes that while classifications are helpful to generally characterize projects, additional dimensions outside of the main classification dimension are necessary to fully describe the characteristics and complexity of certain projects.

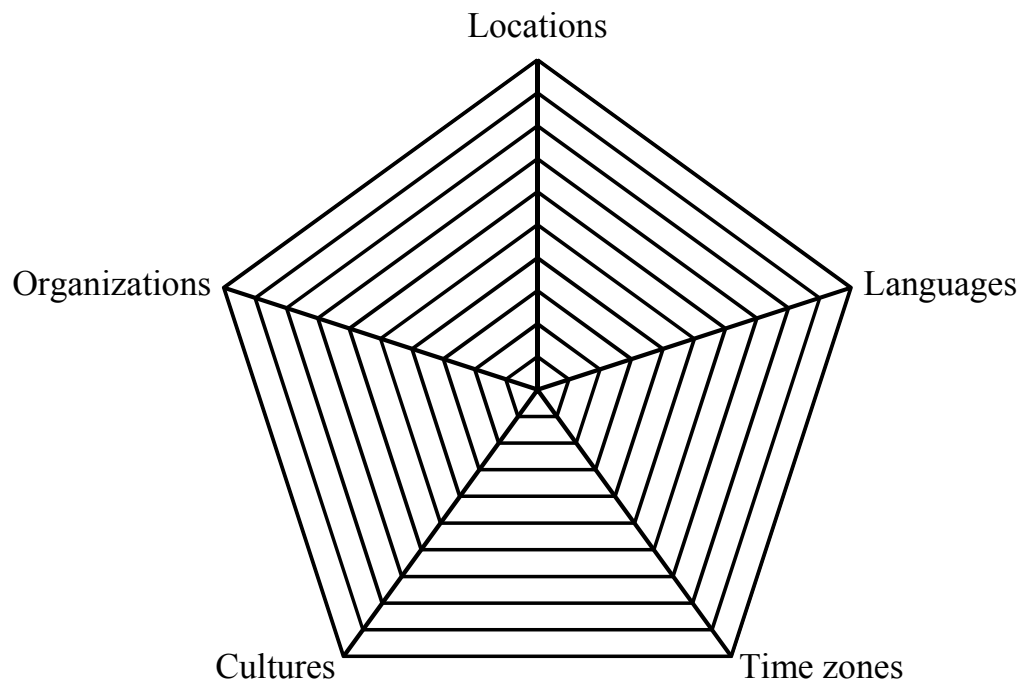


Figure 19: Dimensions of global projects (Binder 2007)⁷⁹⁸

Analyzing the classification approaches presented above regarding their relevance for development aid projects leads to a mixed picture regarding their applicability. While all classifications of Lock’s approach (civil engineering, manufacturing, management, and research project) may apply for development aid NGOs, from the objective-based classification suggested by Kuster et al. only four out of the seven project classifications apply for NGOs (investment, infrastructure, organizational and construction projects)⁷⁹⁹. Regarding the four project types concluded by Kuster et al., all of them may apply for

color, and communication to all other stakeholders in other colors. This then helps the project managers to identify, which sets of good (communication) practices are most important in each project (Binder J, 2007, pp. 2f).

⁷⁹⁷ Binder J. 2007, pp. 1ff

⁷⁹⁸ Binder J. 2007, p. 3

⁷⁹⁹ The development organization itself may engage in other kind of projects, e.g. organization development projects or ICT projects to increase its internal service level (see Venture Philanthropy Partner 2001, p. 54 and p. 59).

development aid projects: acceptance building as pre-project with limited scope to engage beneficiaries and to win their trust and support⁸⁰⁰, pioneering projects to find and implement radically new solutions for beneficiaries to later leverage these projects at a broader scale⁸⁰¹ (i.e. Easterly's experimental projects), standard projects to leverage and multiply what has proved to work⁸⁰² (i.e. Easterly's multiplication projects), as well as potentiality projects to test new technologies and approaches in a limited and controlled social environment⁸⁰³. Looking finally at the location-oriented classifications suggested by Binder, development aid projects seem to be primarily traditional projects, but with strong, punctual elements of international and virtual projects. While development aid projects are implemented at a certain place, with engagement of the beneficiaries (i.e. the ones whose lives are going to be changed)⁸⁰⁴, the project sponsor, the sponsoring organizations as well as specific knowledge may not be based or available locally. And by engaging such non-local resources the projects becomes an international and virtual project, at least regarding the respective resources. International project elements may include engaging international subject matter experts or technology leaders that may not be familiar with the local environment, risks and particularities of the project, and therefore respective education, support and translation (not only for language, but also for cultural, ethical, religious, etc. aspects) is required. Similar considerations are true for virtual project elements, e.g. the technological infrastructure must be available to provide information to diverse, international partners as well as to capture their knowledge, and enabling these off-site partners to support and steer the project with their expertise, knowledge and experience.

⁸⁰⁰ E.g. Integrated Water and Land Ecosystems Management Project in Albania with the objective to improve the provision of water supply and sanitation services in the selected Albanian cities (Durrës, Lezha, and Saranda) by introducing a new approach to utility management that builds on performance and incentive based management contracts. To achieve the objective, the project developed and established low cost water treatment technologies (so called Constructed Treatment Wetlands, CTWs). To address the lacking community acceptance, the project was extended with fighting the increase of mosquito as well as reducing the impacts on biodiversity, habitats and rare species (http://www.iwlearn.net/publications/experience-note/expnote_albania_community.pdf [accessed August 13, 2009]).

⁸⁰¹ E.g. Ecoelce, a program in the state of Ceará, northeastern Brazil, invites low income inhabitants to exchanges refuse for electricity. In the first 2 years, 73,521 customers obtained a total of USD 190,000 discount on their electricity bills in exchange of a total of 3,128 tons of recycled refuse (<http://www.environmental-expert.com/resultEachPressRelease.aspx?cid=30601&codi=37796> [accessed August 13, 2009]).

⁸⁰² E.g. newTree turns wasteland into forest by protecting land from goats and other cattle interference through fencing. Even without watering, an impressive array of indigenous plants appear out of the buried seeds and roots (<http://www.newtree.org/en/web/index.php?lid=7> [accessed August 13, 2009]).

⁸⁰³ E.g. adapting existing technologies to meet the need of developing countries, which then allow widespread adaptation. One example is Nataniel Mamani, an ingenious Bolivian researcher, coming up with a process to reuse plastic pipette tips, consumed in large quantities at medical centers and usually disposed after one use. He created a tip washer from a plastic jar and inner tubing. The tips fit perfectly into the tubing, allowing water to pass through and effectively wash out the bleach as well as the soap. This tip washer allows reusing the plastic pipette tips, after extensive washing and disinfection, for certain procedures which leads to a significantly increased availability of pipettes in rural areas as well as decreasing costs (<http://www.pubmedcentral.nih.gov/articlerender.fcgi?artid=527697> [accessed August 13, 2009]).

⁸⁰⁴ Given the environment of development aid projects, i.e. current development level, existing infrastructure, previous experience of project partners including beneficiaries, etc.), the majority of project activities must take place at the local place, i.e. to be walking the walks and talking the talks of beneficiaries.

The above discussion on project classification suggests that development aid projects may not only fall into different classification groups, they may also require extending simple classifications with additional dimensions. This finding suggests that development aid projects may build on existing project best practices where applicable (e.g. for construction project or for pioneering projects). However, the classification itself may only offer little insight into managerial considerations of development aid projects. Therefore, the following paragraphs discuss the project management phase model, i.e. the different time sequences that a project manager must consider, plan and lead, possibly each requiring different managerial skills and knowledge, in order to arrive at the intended project results.

4 Project Management Dimensions

Projects are by definition temporal finite, they have given objectives regarding specification, budget, time and people, and they are typically structured into different phases (see paragraph 2.3). This definition points to two management dimensions that project managers need to consider: first balancing specification, time and budget, and secondly different phases that apply in projects. Looking first at balancing of specification (including performance and quality), time to completion, and budget (i.e. cost), these three elements form a triangle with each element being related to the other two. Kuster et al. call this triangle the triangle of project steering (see figure 20)⁸⁰⁵.

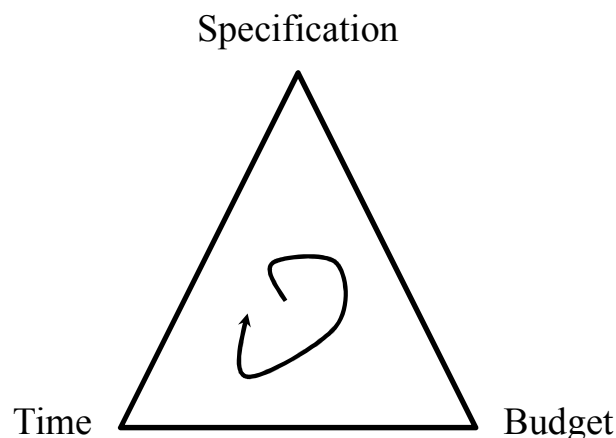


Figure 20: Triangle of Project Steering (based on Kuster et al. 2006)

⁸⁰⁵ Kuster J. et al. 2006, p. 62

Kuster et al. conclude that it is the project manager's main duty to accomplish the project results in time, in budget and at quality (i.e. according to the defined specifications). Therefore, the project always strives for the right balance of time, cost and specifications, leading to a project management path that moves around the center (i.e. the perfect balance) of the triangle (see arrow within the triangle in figure 20).⁸⁰⁶

Lock argues that projects cannot be conducted in time, in budget and at quality without having the right people. And assuming that the proper management, organization and motivation of participants cannot be taken for granted, he suggests setting the people in the center of the triangle of project steering. Similarly to Kuster et al., Lock sees a project description that is based on this triangle to match the project managements approach, i.e. in order for the project to be successful, specification, time, budget and people of a project have to be managed thoroughly, as well as the relationships between them, e.g. time-cost relationship⁸⁰⁷ or quality-cost relationship⁸⁰⁸.

The second dimension of project management, the phases, describes the procedural approach to follow when conducting a project⁸⁰⁹. Applying the principles 'from abstract to detail' and 'allowing for variety', which seems most promising for success, Kuster et al. suggest to structure idea collection, initialization, implementation planning and realization of a project into distinct work packages, i.e. phases. The phases shall be logically and timely distinct. Therefore, the project follows a stepwise approach consisting of individually manageable parts and allowing for checkpoints (milestones) as the solution for the project's objectives evolves⁸¹⁰.

To accommodate the project's particularities and the underlying objectives, Kuster et al. suggest tailoring the project phases to the specific situation of the project. However, they also suggest that the project type, i.e. for systems engineering, product development, construction, or information and communication technology (ICT), sets the general best practices structure of the project. The respective phases for each project type are⁸¹¹:

⁸⁰⁶ Kuster J. et al. 2006, pp. 62ff

⁸⁰⁷ Example see Lock D. 2003, pp.9ff

⁸⁰⁸ Example see Lock D. 2003, pp.11f

⁸⁰⁹ Kuster J. et al. 2006, pp. 31ff

⁸¹⁰ Kuster J. et al. 2006, p. 14

⁸¹¹ Kuster J. et al. 2006, p. 16

Systems Engineering	Product Development	Construction	ICT
Initialization	Initialization	Initialization	Initialization
Pilot Study	Pilot Study	Pilot Study	Pilot Study
Main Project	Development	Project	High-level Concept
Detail Project	Production Priming	Preparation	Detail Concept
System Design	Pilot Series	Execution	Realization
Implementation	Series Production		Implementation

Table 34: Project Phases by Project Type (Kuster et al. 2006)

As development aid projects may fall into various classifications, and respective phasing approaches may need to be extended with additional considerations borrowed from other classification approaches, the phasing approaches suggested by Kuster et al. do not offer any better managerial guidance than the classifications themselves. However, looking at the phasing approaches suggested by Kuster et al., the following five phases apply for all the suggested approaches⁸¹²:

- Initialization,
- Pilot Study,
- Concept,
- Realization, and
- Implementation.

These phases are not only generic for all project classifications, they are also the suggested phases for construction projects. Therefore, these phases offer the overall generic structure of projects, i.e. they define the minimum tasks to be executed as part of any project. While this generic phase model describes the general procedural steps to be taken in a project, Kuster et al. mention further, more specific procedural considerations to be necessary for a specific project, i.e. defining tasks, setting milestones, and describing expected behavior of project partners for each project phase⁸¹³. They explicitly mention the following three additional options in order to consider the project structure and maximize project results in terms of quality, time and cost⁸¹⁴:

⁸¹² Kuster J. et al. 2006, pp. 12f

⁸¹³ E.g. the phase 'conception' requires open mindedness to capture all relevant possibilities and to not leave any hidden yet relevant aspect undiscovered. In contrast, the phase 'implementation' strict execution orientation of all partners, with minimal variability and questioning of underlying assumptions on a daily basis.

⁸¹⁴ Kuster J. et al. 2006, pp. 23ff

- **Prototyping:** develop initial ideas rapidly to prototypes and use them to decide on further phases and/or project continuation.
- **Versioning:** instead of one project, initiate a series of projects that will lead to the final result (i.e. slowly but steadily growing system).
- And **Simultaneous Engineering:** execute project tasks in parallel (if possible) and plan overlapping phases.

Depending on the particularities and requirements of any given project, such additional procedural considerations may complement the five generic project phases, or they may become additional, separate phases. Regardless of how projects are phased, managing specifications, budget, time, the people, as well as the project phases requires substantial project management skills, as well as a great level of flexibility to adjust management and leadership to what is needed in the respective situation, for the subject in question, and at the given project phase. Therefore, the generic phases as well as the additional procedural considerations only offer a general frame for managerial tasks, with the specific decisions and the particular leadership tasks still requiring detailed considerations by the project managers.

Appendix XVI: Performance Measurement versus Performance Management

This appendix discusses the similarities and differences of the two terms performance measurement and performance management. Given the scope of this thesis, to increase sustainability, the discussion analyzes performance measurement and performance management regarding their support and ability to increase subsequent measurements and results. The key question is whether the two terms describe similar improvement approaches, i.e. if they are interchangeable, or if the respective approaches are significantly different and therefore the terms performance measurement and performance management should be kept separate when discussing improvements. Given the number of authors that compare performance measurement with performance management, a broad range of suggestions exist regarding similarities and differences of improvement approaches. The review of respective literature suggests that both opinions, i.e. that the terms are interchangeable as well as that the terms should be kept separate, are supported by a significant number of authors⁸¹⁵. While there is significant disagreement regarding whether or not the terms are interchangeable, all authors seem to agree that the concept of performance is linked to a cycle of gathering information, to then change and increase the situation based on this information, and to finally expect increasing results in the future. Analyzing these improvement cycles that authors explicitly or implicitly see to be inherently embedded in performance approaches⁸¹⁶ reveals that the authors again see a broad range of different objectives for these improvement cycles. Some of these different opinions include:

- Charles Fay focuses performance management on the employees.
- Michel Lebas emphasizes that performance is proactively created and thus all management tools need to focus on increasing performance⁸¹⁷.
- Roger Davis sees performance management helpful for reframing, realigning, refocusing, and regenerating organizational transformation⁸¹⁸.

⁸¹⁵ Examples of authors that suggest keeping the terms performance management and performance measurement separate include Olaf Hoffmann and Charles Fay. Hoffmann concludes his literature review on differences between performance measurement and performance management by summarizing that performance measurement can be seen as a central component of any performance management system (Hoffmann O. 1999, p. 29). Fay similarly summarizes that unlike performance measurement, performance management includes techniques to plan, steer and increase the performance of e.g. employees (Fay C. 1990, p. 346). However, not all authors support this separation. Robert Schaffer in his early article on performance measurement suggests performance measurement to be a multi-step approach, which includes, besides target setting, communication and monitoring of target achievement (Schaffer R. 1974, pp. 94ff). Assuming that the intention of communication is to change people's behavior (i.e. the behavior of the organization's members and/or the project team), and therewith to achieve the intended targets, and further assuming that such communication needs some preparation, e.g. assessing of what can actually be influenced by employees, planning how different employees shall collaborate, etc., Schaffer describes performance measurement to be what other authors, such as Hoffmann and Fay, define as performance management.

⁸¹⁶ For the purposes of this thesis, performance approaches means performance measurement and performance management approaches, which are similar regarding invoking decisions regarding how to improve results.

⁸¹⁷ Lebas M. 1994, p. 39

- Sultan Kermally suggests using performance management as the organization's steering wheel, helping all parts of the organization to move together in the right direction⁸¹⁹, and the focus of any performance management related activity should be on the drivers, not on the results⁸²⁰.
- Finally, Norbert Klingebiel, while agreeing with Kermally regarding the objective of performance management to increase results, sees reporting structure and timely reporting as key activities for successful performance management⁸²¹.

While both performance measurement as well as performance management inherently call for improvements, the performance improvement approaches suggested by different authors do not allow assessing the differences and similarities between the two terms. An additional approach to analyze the two performance terms regarding similarities and differences is by looking at the success factors that the different approaches suggest. In summary, the range of performance success factors suggested by performance measurement and performance management literature is even broader than the suggestions regarding performance improvement cycles. Examples include Herrmann Spangenberg suggesting four critical elements (performance planning, managing performance, performance measurement, rewarding performance)⁸²², Klingebiel suggesting eight critical elements (performance planning, performance increase, performance measurement, performance evaluation, performance monitoring, changing behavior, performance entitlement, and performance requirement), and finally Robert Bittlestone suggesting ten distinct critical factors that interact and form two interlocking cycles (the control cycle, consisting of: measurement, analysis, dialogue, commitment, action, and result; and the judgment cycle, consisting of: measurement, audit, publication, response, and targets)⁸²³. While these performance success factors are significantly different, they all share an element of decision for change as common approach.

The analysis of performance measurement and performance management approaches suggests that different definition approaches as well as success factors for performance approaches do exist. The level of differences seems to suggest that the terms performance measurement and performance management should be kept separate. The differences not only span across the two terms performance measurement and performance management, also the definition approaches and success factors offered by different authors for each of

⁸¹⁸ Davis R. 1997, p. 4

⁸¹⁹ Kermally S. 1997, p. 1

⁸²⁰ Kermally S. 1997, p. 4

⁸²¹ Klingebiel N. 1997, pp. 642f

⁸²² Spangenberg H. 1994, p. 14

⁸²³ Bittlestone R. 1996, p. 3

the terms vary significantly. However, all definition approaches for performance measurement as well as for performance management share the element of improvement. In a similar way, the analysis of success factors of performance measurement and performance management approaches suggests decisions for future changes to be represented in all approaches. Therefore, while the terms performance measurement and performance management are not significantly different than different performance measurement definitions and success factors as well as performance management definitions and success factors. At the same time, all performance approaches share the elements of improvement and decisions as key concepts. Based on these similarities, and the differences of the definitions and success factors of performance measurement approaches as well as performance management approaches, the terms performance measurement and management can be understood as interchangeable regarding their quest for improvement and decisions.

Appendix XVII: Particularities of Development Aid Projects

Throughout his book, which is an anonymous development aid case study⁸²⁴, Patrick Renz provides many examples of particularities of development aid projects. Unfortunately, he lists these examples throughout his book without providing any structure or classification approach. Therefore, after listing all examples I grouped them into the following six categories: project environment, project objectives, project management, project team, project finance and project result. To arrive at these six groups, I have used additional sources to describe particularities regarding project team and project finance (Renz only provides one example for each of these groups). The following list provides illustrative examples for each of the six groups of development aid project particularities:

Particularities of development aid projects regarding **project environment** include:

- The local realities in developing countries where projects take place oftentimes provide an extreme context⁸²⁵.
- Development aid projects are conducted in an intercultural environment, i.e. they work with and they affect participants with various cultural backgrounds⁸²⁶.
- Development aid projects are bound to the particularities of the development policies that they are implemented under⁸²⁷.
- As development aid projects try to exert influence outside of their own boundaries, constant observation of institutional context (social and cultural constraints imposed onto the organizations or projects) is a key success factor⁸²⁸.
- The development aid project and the environment and context that it is conducted in constitute a new system with manifold interactions between their elements leading to a dynamic relationship. This system understanding must be built up during the development aid project, which requires the project to be a learning system⁸²⁹.

⁸²⁴ Project DRIVER was a multi-donor funded initiative that contributed to the first MDG (to eradicate extreme poverty and hunger). The approach chosen was an economic development approach targeted at small and mid-sized enterprises (SME). DRIVER worked as a market facilitator helping SMEs in Bangladesh to become more productive and competitive, thereby creating more income and jobs with the expectation that this would help to reduce poverty. Funded by three donor agencies (which set up a policy steering committee consisting of government ministries as well as private sector representatives and other stakeholders), with the project mandate given to a Swiss NGO, which subcontracted a German Consultancy, the project was at that time the largest of its kind worldwide, employing over 50 staff, engaging over 100 local subcontractors, with a time horizon of five years, and a budget of around USD 30 m (Renz P. 2007, pp. 9 ff).

⁸²⁵ Renz P. 2007, p. 4

⁸²⁶ Renz P. 2007, p. 4

⁸²⁷ Renz P. 2007, p. 4

⁸²⁸ Renz P. 2007, pp. 56f

⁸²⁹ Renz P. 2007, pp. 66f

- The business principles and normative guidelines that are self-binding for the daily work of the development aid project need to be established, as oftentimes quasi law-free zones exist in the context of development aid projects and the existing legal regulations remain behind the requirements of legitimacy for the project⁸³⁰.
- The schedules of development aid projects may be legacy bound, i.e. the projects arise out of an opportunity (e.g. excess funds are available, pilot ends so next phase of the project must start, etc.). In such cases, the schedule is designed to serve the legacy, not the project⁸³¹.
- Conditions of fair economic and social order cannot be assumed in developing countries⁸³².
- Oftentimes developing countries have little democratic tradition, therefore local project participants are not used to democratic approaches (such as electing an ombudsman)⁸³³.
- Development aid projects function in the midst of numerous interests, therefore conflicts of interests or improper influences must be scrupulously dealt with (this also includes corruption, hidden agendas, collusion, power struggles, class coalitions, etc.)⁸³⁴.
- ‘Take-ism’ is oftentimes the predominant attitude in development aid projects, i.e. stakeholders including beneficiaries expect assistance to be free of charge⁸³⁵.
- Development aid projects tend to have a large number and broad range of Stakeholders confronting the project with the respective large and broad expectations and claims⁸³⁶.

Particularities of development aid projects regarding **project objectives** include:

- The mission of development aid projects entails ethical challenges⁸³⁷.
- The goals of development aid projects can, theoretically and practically, be ordered into hierarchies. These hierarchies are typically of high complexity⁸³⁸.
- There is an unproven causality between the layers of goal hierarchies⁸³⁹.

⁸³⁰ Renz P. 2007, p. 92

⁸³¹ Renz P. 2007, p. 94

⁸³² Renz P. 2007, p. 118

⁸³³ Renz P. 2007, p. 118

⁸³⁴ Renz P. 2007, p. 115

⁸³⁵ Renz P. 2007, p. 162

⁸³⁶ Renz P. 2007, pp. 78f

⁸³⁷ Renz P. 2007, p. 4

⁸³⁸ Renz P. 2007, p. 9. The goal hierarchy describes the expectations, how the project activities are expected to roll into short-term results and later into the ultimate impact that the project intends to have. The hierarchy of Renz’s case study is: ‘systemic interventions’, leading to ‘facilitate more effective markets’, leading to ‘increased the competitiveness of SMEs’, leading to ‘enhance broad-based sustainable pro-poor growth’, and then ultimately leading to the first MDG, to eradicate extreme poverty and hunger (Renz P. 2007, p. 10).

⁸³⁹ Renz P. 2007, p. 9

Particularities of development aid projects regarding **project management** include:

- The management of development aid projects is a young discipline and a heavily disputed one, with absence of best practices. Therefore, only a vague ground exists that development aid projects can build upon⁸⁴⁰.
- Development aid projects pioneer in new fields and geographies, implying high exposure, vulnerability and loneliness in crisis periods⁸⁴¹.
- Development aid projects are much less controllable than generally accepted (however, this is subject to the directing and designing of influence by the managing bodies)⁸⁴².
- The structure of the development aid project and its elements is complex as strictly hierarchical dependencies among the elements are nearly absent⁸⁴³.
- The leadership downwards spiral⁸⁴⁴, which is imminent to all development aid projects, jeopardizes project management professionalism⁸⁴⁵.
- There is typically a lack of beneficiary representation at the board level (project board as well as organization board) and therefore accountability is insufficiently anchored⁸⁴⁶.
- Interaction in meetings is often more like a political debate than solution-oriented, therefore critical but constructive culture of trust and open dissent needs to be established⁸⁴⁷.
- Development aid projects may be confronted with diverting political considerations. Therefore, projects require close observation regarding how different stakeholders perceive the project, and extending project activities with moral accountability is necessary to foster credibility and trustworthiness⁸⁴⁸.

Particularities of development aid projects regarding **project team** include:

- Development aid projects tend to have interdisciplinary project teams⁸⁴⁹.
- Experience and attitude of beneficiaries: development aid projects aim for change in people's lives (see paragraph 2.2.2). Change can only happen if the beneficiaries accept new approaches in their lives (e.g. technology, processes, collaboration, etc.).

⁸⁴⁰ Renz P. 2007, p. 35

⁸⁴¹ Renz P. 2007, p. 35

⁸⁴² Renz P. 2007, p. 68

⁸⁴³ Renz P. 2007, p. 98

⁸⁴⁴ The temporary nature of projects leading to a lack of professional staff being available, this leads to external subcontracting, which again leads to the need to lower costs, which typically reduces planning in order to save money, which requires higher professional level of project management which is hardly being available, and thus further fueling the downward spiral.

⁸⁴⁵ Renz P. 2007, pp. 100f

⁸⁴⁶ Renz P. 2007, p. 130

⁸⁴⁷ Renz P. 2007, p. 110

⁸⁴⁸ Renz P. 2007, p. 116

⁸⁴⁹ Renz P. 2007, p. 4

However, I think it is fair to assume that beneficiaries in remote areas do lack information regarding new approaches and therefore they are hesitant to accept them⁸⁵⁰. And even if acceptance is granted, beneficiaries might struggle to use the approaches correctly or most efficiently because the approaches are unfamiliar to them⁸⁵¹. Wrong expectations and estimations regarding the openness and experiences of beneficiaries may lead to a project with results below what could have been achieved based on a more accurate assessment of the beneficiaries openness and experiences⁸⁵². Assessing and building expectations and attitudes of beneficiaries is a prerequisite for project success.

- **Misunderstandings:** in development aid projects, where representatives of developed countries work with beneficiaries from developing countries, significant differences may exist regarding language, technical and methodological skills, project experience, cultural background, exposure to work within organizational structures, etc. Each of these differences is a potential source of misunderstandings. And even there is common understanding, the resulting actions to be taken upon the understanding might still differ⁸⁵³. Only an existing, established working relationship between the partners might lead to each partner correctly interpret what is expected from him in a certain situation. However, given the temporary nature of projects and the novelty of the project's subjects, assuming such a working relationship to be in place seems unreasonable, and so is expecting that all possible scenarios of understanding and actions to be taken can be previously defined. Therefore, misunderstanding seem inherent to development aid projects, and addressing how to resolve misunderstandings seems to be as important as are approaches to avoid misunderstandings.

Particularities of development aid projects regarding **project finance** include⁸⁵⁴:

⁸⁵⁰ On describing how change happens for individuals, groups and organizations, Kuster et al. conclude that there is no direct path from the current situation to the new situation. Instead, two additional steps, suppression and confusion/disorder, are necessary before the new situation is accepted (Kuster J. et al. 2006, p. 235).

⁸⁵¹ Haile Gebreselassie, the Ethiopian long distance runner who some name to be the greatest distance runner of all times (Denison J. 2004, p. 13), serves as an example how people from developing countries may approach new technologies based on their current expectations. Grown up in rural Ethiopia, he, on his first flight, asked the flight attendant how to open the window (Denison J. 2004, p. 91).

⁸⁵² Such wrong expectations and estimations may be cause by technology savvy experts or project managers that have been exposed to the radical changes of the last decades in developed countries (remember, the World Wide Web, commonly known as the internet, that radically changed many aspects of the user's daily lives, is less than 30 years old) without recognizing the related realities in developing countries (Gates B. 2000).

⁸⁵³ An example of such misunderstanding regarding the action to be taken might occur after the partners agree to look for alternatives in case there is a shortage of cement. As soon as the shortage occurs, the local foreman may travel to the next city to investigate importing cement from neighboring countries – bringing all activities to a stop while the foreman is absent. The donor instead might have expected to look for a temporary solution (building with wood and mud) and finish the construction later when cement becomes available again.

⁸⁵⁴ See interview appendix XVIII (except for the last point, see footnote 855)

- Income is not directly related to cost. While costs occur for the implementation of projects, income comes from donors. Indirectly income and costs are linked, such that if projects are successful and cost-efficient, it is easier to ‘sell’ them to donors.
- If NGOs receive restricted donations (i.e. to be used for a dedicated purpose only, as defined by the donor), such donations are added to respective fund (disclosed as liabilities). Expenses for respective projects are deducted from the respective fund. At the end of the financial year, the restricted funds show the amount of donation that has been received for respected services but that have not been used yet for respective services to beneficiaries. The restricted funds are disclosed as liabilities as the NGO is obliged to solely use these amounts for respective services.
- NGOs have virtually no option to apply for loans (other than mortgages) because banks require securities or predictable future cash flows. NGOs cannot offer either of them.
- If projects span over multiple years and the NGO’s commitments for these projects also span over multiple year, deferred liabilities must be disclosed for such commitments. As the asset side of the statement of financial positions consists mainly of cash and cash equivalents, such deferred liabilities must be matched by cash reserves, which jeopardizes the interest of NGOs to spend money on current projects instead of piling money for future projects (or for future parts of the projects).
- Accounting and donor reporting are extensive and inherently complex (e.g. costs have to be allocated simultaneously to multiple dimensions such as projects, countries, beneficiaries, etc.). However, finance departments of NGOs act professionally and they manage accounting and donor reporting in due time and at high quality. There seems to be a motivational problem: extensive donor reporting has an opportunity cost, i.e. it drags resources away from bringing change to people’s lives (donors presumably do not agree with this opinion as detailed reporting may support efficient project management and increase effectiveness of future projects).
- Development aid projects depend on donors and must be performed in cooperation with them, which requires linkage, arbitration and ongoing negotiation⁸⁵⁵.

⁸⁵⁵ Renz P. 2007, pp. 51f

Particularities of development aid projects regarding **project results** include:

- The linkage between results (such as economics in a market, poverty reduction, etc.) and project activities is oftentimes unclear⁸⁵⁶.
- There is a time lag to assess the impact of the project intervention⁸⁵⁷.
- Somebody (ideally the beneficiaries) needs to be convinced to accept and own the development efforts⁸⁵⁸.
- Success criteria for development aid projects are challenging: every single project has to be sustainable, as well as lead to impact (i.e. lead to change for the beneficiaries) and achieve outreach (i.e. extend regarding geography or scale)⁸⁵⁹.

⁸⁵⁶ Renz P. 2007, p. 9

⁸⁵⁷ Renz P. 2007, p. 12. For a market development aid project, which serves Renz as case study, impact can usually only be assessed around two years after the major project interventions (Renz P. 2007, p. 12).

⁸⁵⁸ Renz P. 2007, p. 22. In a similar way Thomas Kesselring concludes that development processes, which are kicked-off from outside, need to be justified towards the target group to gain acceptance by those concerned (Kesselring T. 2003, p. 104).

⁸⁵⁹ Renz P. 2007, p. 66

Appendix XVIII: Accounting and Finance of Development Aid NGOs (Interview)

Interview with Mrs. Claudia Andri Krensler

Date: December 20, 2010

Participants: Mrs. Claudia Andri Krensler and Mr. Simon Pfister

Duration: 15.30 until 17.30

In my dissertation thesis I review project management and performance measurement, and based on a survey I develop a Sustainability Measurement Framework for development aid NGOs to measure, plan and increase the sustainability of their projects and of the NGO as a whole. The framework describes a matrix consisting of four sustainability levels (Project Initialization, Project Result, Organization, and Fundraising) and of three sustainability tasks (Measure, Communicate and Learn). When applying this framework, NGOs define actions and requirements for each matrix field, i.e. for the respective task at the respective level (e.g. what measures to apply, whom to communicate information to, how to discuss and draw learning, as well as how to feed back and implement these learning). Financial accounting shall serve as possible data source for performance measures. Therefore, I would like to better understand how development aid NGOs approach and manage financial accounting as well as related tasks, and how financial accounting may influence the development aid projects.

Question 1: Please describe your position and experiences regarding financial accounting for development aid NGOs.

Answer: My name is Claudia Andri Krensler, I am senior manager at PwC, responsible for NPOs and foundations in the division Assurance TIS East (Auditing services for Trade, Industry and Services customers in eastern part of Switzerland). I work with NPOs and foundations since more than 15 year, providing auditing and accounting support, and I collaborate with my clients to apply new standards and to increase professionalism in the finance department.

Question 2: Which specific accounting standards apply for development aid NGOs?

Answer: The compulsory explicit accounting requirements for NGOs are generally minor (in Switzerland, Germany, USA, United Kingdom and most other western European countries). They are typically defined by commercial legislation (e.g. company registration office), and respective accounting requirements are minimal. However, there are significant

implicit requirement that require NGOs to adopt modern accounting standards (US GAAP, IFRS or Swiss GAAP FER), and for even broader additional financial reporting. The most significant requirements originate from governmental support or from certification authorities. If NGOs enjoy some form of governmental support (e.g. tax relief, contracts, donations, etc.), specific requirements do apply, such as Swiss GAAP FER 21 required by Swiss governmental agencies (typically indirectly required by the requirement to follow the regulation of the Swiss certification authority named ZEWO). While US GAAP has similar (but less comprehensive) requirements, IFRS has no such regulations at all. Swiss GAAP FER 21 seems currently the most comprehensive accounting standard for NGOs. Certification authorities, e.g. donation seal offices or rating agencies, also require adopting such modern accounting standards. In addition, they also require additional disclosure, e.g. levels of administrative costs, impact assessment, etc. Such additional information is also required by governmental agency for specific support, e.g. the Swiss agency for development cooperation requires specific and detailed project related data in return for financial support to track the supported project. Such project reporting is required to be audited by the statutory auditors. In summary, NGOs typically adopt Swiss GAAP FER 21 (or related standards for other countries) as well as additional reporting, the scope of which is normally influenced by an opinion leader organization (in Switzerland this is typically the ZEWO foundation). And thirdly, specific donor requirements apply for specific support or projects.

Question 3: What are the Financial Statements that development aid NGOs typically prepare and what is their typical structure, e.g. levels of current and non-current assets?

Answer: Structure of Income Statement: income typically originates from donations (from different sources and for different purposes, both of which must be disclosed). Some financial income may apply, which is typically minor, except for (grant-making) organizations that derive their financial means from endowment funds. If NGOs have received buildings as donations (e.g. through legacies), rent income may apply. However, such buildings are typically sold (unless it contributes to, or is required for the NGO's operation). The majority of costs are related to providing services, some cost is related to fundraising and administration (according to current best practices, such fundraising and administrative costs may not exceed 10%). The costs are typically assigned to different, multiple cost centers to track costs according to all applicable dimensions (e.g. costs by project, costs by service, costs by country, personnel costs, costs for travel and accommodation, etc.). Significant depreciations apply for few organizations only (only if they have assets, which only few do), and valuation differences typically apply for currency

exchange rates only (for cash reserves in foreign currencies or for provisions and deferred liabilities in foreign currencies). Because there is hardly any need for consolidation, exchange rate differences from consolidation of daughter organizations do not exist.

Structure of Statements of Financial Positions: the main positions are cash (including cash equivalents) and equity. Cash is typically extensive (as hardly any other assets exist) and if there is a cash surplus (e.g. after Christmas with much donation income but the significant payments for projects are only in the middle of the following year), NGOs engage in fixed term deposit contracts (with durations ranging from a few months up to one year). Cash equivalents are not extensive, and if they are the respective investments are typically managed by external service providers, using investment approaches similar to pension funds (i.e. risk free investments). Cash is typically used for projects instead of invested for financial income purposes or for future projects. Cash reserves for future commitments are seldom (i.e. the need for multi-year reserves for long-term commitments is small). Exceptions apply if a significant amount has been provided (i.e. legacy) with a restricted usage, maybe bound over many years. In such cases the restricted amount is invested in risk free financial instruments. Equity consists of organizational capital (i.e. minimum capital required by the organization's title) and retained earnings. The organizational capital is seen as reserve and given the structure of the assets it is typically held as cash (as fixed term deposit contracts). The retained earnings is not freely available to the NGO, instead it has to be used for the objective of the NGO, i.e. for what the donors have donated the money for in the first place. Current assets besides cash, such as inventory or trade receivables, do hardly exist, and never to a significant amount. Deferred assets do exist, but typically to a very low extend (e.g. for invoices of auditors, phone bills, etc.). Non-current assets hardly exist, except for office furniture, IT infrastructure and buildings (if necessary for offering the services). NGOs typically opt to not own respective infrastructure, instead of owning assets they decide to lease them, partly because they have problems to finance non-current assets through loans, because banks require securities or information on future cash flows (which are hard to predict for NGOs), and excessive donations (i.e. retained earnings) may be used for funding services only, but never for purchasing non-current assets. Current liabilities exist in the form of trade payables. However, development aid NGOs typically need to offer pre-payment for purchasing of material, therewith payables only apply for a minority of purchased products and services. Another current liability position is unused restricted donations, i.e. restricted funds that have to be disclosed as liability (if restricted donations are not used in the current year, they have to be disclosed as liability, typically current liability as they are used within a short period of time). If restricted funds do apply and to what extend depends on the NGO. Some organizations use fundraising approaches that build strongly on restricted donations, and such donations may reach a peak (e.g. after

Christmas) and leading to significant restricted funds. Typically the donations are used within 12 months, so that the level of restricted funds depends on when the NGO closes their books. Provisions for risks hardly ever apply, but deferred liabilities sometimes apply if the NGO engages in long-term commitments. Such commitments are rare, typically the multi-year projects have a considerable level of flexibility and therefore a commitment does not exist from an accounting point of view (and therefore disclosure of deferred liabilities is not necessary). In summary the main positions in the statement of financial positions are cash and cash equivalents as assets, sometimes buildings if necessary for the NGO's operation, and equity.

Structure of Cash Flow Statement: Given the structure of the income statement and the statement of financial positions, the cash flow statement consists mainly of cash flow from operation. Some investment cash flow may apply (e.g. purchase of office furniture or IT infrastructure), but these are infrequent and small in amounts.

Statement of Changes in Equity and Funds: similar to the statement of changes in equity for for-profit organizations, NGOs disclose a statement of changes in funds, i.e. a summary of adding of restricted donations and usage of restricted funds for supporting respective projects. This statement typically also includes the changes in equity, i.e. the profit of the year that is allocated to the non-restricted fund retained earnings.

Question 4: How do you see the implementation of specific accounting standards for development aid NGOs, how much effort does the respective implementation impose onto the organizations?

Answer: Today, accounting and finance employees (or volunteers), executives and departments of NGOs are at a high level of professionalism. The operational tasks do not impose major challenges, and all required reports are prepared and delivered in due time. What does cause some challenges are changes (i.e. if an organizations moves to applying for governmental support and starts using Swiss GAAP FER 21). Such transitions to new requirements do require significant efforts, mainly because people work for the same organization for a long time, i.e. they have little experiences regarding alternative accounting standards or processes. Therefore they typically require some support in how to transition to the new standards and processes. Donor reporting typically does impose some difficulties, mainly because it changes frequently and requires more detailed information. NGOs are typically informed late regarding such additional details being required, i.e. they have limited time to change internal systems and to capture respective data at the source (in the developing countries). Donors oftentimes under-estimate the time required to implement

data gathering in developing countries, and therefore their requests are communicated to the NGO too late. Overall it is more a time problem than a problem of professionalism, knowledge or experience. And NGOs typically like to invest more time and resources in project results than in project reporting, therefore additional reporting requirements are not well perceived. In a similar way, donor reporting is not per se extensive, but NGOs see it to require significant resources that could be used differently. However, for the donor reporting to be efficient, NGOs need solid processes (e.g. to capture information at the right level of detail) and they typically need some support, guidance and best practice consulting for the implementation of respective processes.

Question 5: How do you assess the influence of modern accounting standards onto the following aspects of managerial finance?

Question 5.1: Influence on profit making: what is the importance of profit, e.g. as indicator for planning effectiveness or organizational efficiency?

Answer: profit is of minor importance. In theory, profit is important for the survival of the NGO (they cannot afford to make losses over multiple years). But for operational management and steering, cash management is more important than profit management. And as the statement of financial positions consists of mostly cash as assets, the accounting almost follows a cash accounting methodology (instead of an accrual accounting methodology, exception apply for foreign currencies and deferred liabilities). Furthermore, budgets are typically flexible, i.e. the budget is revised during the year according to actual income levels. Therefore profit is important in theory, in practical terms cash management is predominant to ensure the long-term financial survival of the NGO. For project management, profit (or more precisely: cost management) does enjoy significant importance, in order to assure that costs do not exceed the (revised) plan and the available resources.

Question 5.2: Influence on the relation between income (from donors) and cost (services from beneficiaries)?

Answer: It is true that income is not directly related to costs. Indirectly it is: if the costs lead to successful projects, it is easier to ‚sell’ these projects to donors. There is no influence from (changing) accounting requirements onto this relationship. However, there are strategic initiatives that many NGOs look into that do influence this relationship. One example for such initiatives is engaging in sponsorship programs. E.g. under child sponsorship programs, the NGO defines the annual costs for schooling for one child (or similar activities). These costs are split into monthly payments which donors than agree to

pay for. Therewith there is a clear relationship between promised income and planned costs. However, this is a fragile relationship as costs may change (inflation, etc.) and donors may terminate the sponsorship. A second example of a strategic initiative that changes the income-cost-relationships is to enter agreements with governments (e.g. public private partnerships to execute governmental duties) or with grant-making organizations. Such agreements typically span over multiple years and they consist of some kind of relationship between income and costs (i.e. financial support depends on the services offered or rendered, or on the achieved results). But again, if effective costs deviate from planned costs or if the contract runs out, the relationship is cut off. In summary, NGOs see this missing relationship between income and cost as a challenge and strategic initiatives allow building such relationships, at least to a certain extend. But it is important to mention that the strategic initiatives are typically not started for financial reasons, instead financial effects are seen as positive side effect. The strategic initiatives typically start because of project reasons (e.g. trying to match significant commitment to beneficiaries with significant commitments from grant-making organizations), because of fundraising reasons (many organizations today offer sponsorship programs, thereof a certain pressure exists for NGOs to also offer such programs in order to stay competitive) or because of market changes (governments to contract out services is a relatively new phenomena which offers new opportunities for NGOs).

Question 5.3: influence on disclosing assets in the statement of financial positions?

Answer: similar to the relationship of income and cost, there has been little influence from (changing) accounting standards on disclosing assets. The shift from purchasing to leasing of office equipment is primarily rooted in the fact that such leasing is now available compared to 10 years ago. However there is a change in disclosing intangible assets in the notes. Before using modern accounting standards, many NGOs have added information in the notes regarding the ‘value’ of address lists or donors or relationships (e.g. future donation potential), or the ‘value’ of future project opportunities (e.g. number of communities that the project may also be rolled out to and the respective fundraising potential). Such disclosure in the notes is no longer possible under modern accounting standards as valuation of such facts is virtually impossible (according to the regulations and options offered by modern accounting standards).

Question 5.4: influence on financing activities?

Answer: modern accounting standards have no influence on financing activities. As the only loans that apply for NGOs are mortgages (if buildings are needed for their operation), and because mortgage conditions offered by banks are loosely related to modern accounting

standards (instead they relate to real estate market conditions for respective buildings), modern accounting standards have no influence on financing activities of NGOs.

Question 5.5: influence on level and management of cash and cash equivalents?

Answer: the influence on cash levels is also minimal. However, there is a certain shift between cash and cash equivalents and the structure of cash equivalents. Again, the change is not only rooted in the modern accounting standards, but also in the volatility of the capital markets. This volatility leads to the risk of losses on cash equivalents. As modern accounting standards generally require immediate disclosure of such losses, NGOs try to avoid volatile investment options. While NGOs have never invested in risky options, there is a clear tendency to solely invest in instruments that are also offered to pension funds (i.e. that are risk free). Given the minimal return opportunity of such investments, many NGOs reduce the overall level of investments (i.e. cash equivalents) and choose fixed term deposits instead (i.e. they avoid administration costs for external investment support and enter agreements with their bank themselves). While the immediate disclosure required by modern accounting standards does have a certain influence on levels and management of cash equivalents (and therefore on cash), the influence only exerts in combination with increased volatility of capital markets.

Question 5.6: influence on provisions, deferred liabilities and reserves (e.g. for multi-year projects)?

Answer: under modern accounting standards, NGOs must clearly differentiate between provisions and deferred liabilities. This lead to a shift of provisions to deferred liabilities (what has been disclosed as provision is, and always was, effectively a deferred liability). The overall level of provisions and deferred liabilities did decrease slightly as valuation and disclosure requirements typically increase. Again, this trend is not solely influenced by modern accounting standards but also by entering partnerships with beneficiaries that offer a certain level of flexibility instead of entering fixed commitments. Reserves have never been of major interest for NGOs, sometimes to allocate hidden reserves, which again were never of major interest for NGOs (as they want to use the donations for projects as fast as possible). There is a tendency for longer-term contracts (or frame contracts under which similar projects are repeatedly conducted for neighboring groups of beneficiaries), but as described above this tendency is more driven by new fundraising approaches (e.g. sponsorship programs or engagement with grant-making organizations) than by financial or accounting facts.

Question 5.7: influence on restricted donations and funds?

Answer: restricted donations are increasing, but mostly because of respective fundraising offerings (not because of financial or accounting reasons). Modern accounting standards require disclosing unused restricted donations in restricted funds (i.e. as liabilities). This is an influence solely driven by modern accounting standards (previously such unused donations were disclosed as part of the retained earnings). There is a tendency to thoroughly think about additional restricted donation offerings, i.e. the administrative efforts to manage and disclose respective donations are thoroughly considered. But the decisions to add offerings are with the fundraising department, with a tendency that fewer new restricted donations are offered but the ones that are offered are offered for a longer period of time (previously many such donation offerings disappeared after a first hype or peak). Again, this tendency towards lasting restricted donation offerings may not solely be rooted in financial and accounting considerations, but also in the message that disappearing restricted donation offerings send to donors and the respective impact onto the donor's trust.

Question 5.8: influence on types and structure of projects?

Answer: the types of projects very much depend on the NGO: some NGOs tailor projects to donors, other organizations are searching for the 'right' donor for their project. In any case, effective needs (i.e. what is required to change the lives of beneficiaries) and donors (i.e. what donors are willing to support) do significantly influence the projects. Modern accounting standards hardly ever influence the type or structure of projects, however they may influence minor details of the projects, i.e. currency of contracts (i.e. foreign exchange risks) or payment terms. And there is a tendency to thoroughly consider financial consequences of new initiatives and offerings (i.e. strategic initiatives such as multi-year partnerships with donors, sponsorship programs, restricted donation offerings, etc.). The considerations typically influence the details of new projects and new project types, but not the decision whether or not to engage in new projects or project types.

Question 5.9: influence on other aspects of managerial finance and financial management?

Answer: overall, I see more professionalism in the accounting department of NGOs than I have seen 10 years ago. The modern accounting standards, coupled with additional requirements (e.g. donor reporting or disclosure for certification authorities) are seen as burden, but the requirements are manageable. Overall, financial facts have gained more importance in designing projects and in discussions with donors. This tendency is also supported by the changes in donor structures (e.g. increasing engagement with grant-making organizations which require tight financial management) as well as by fundraising

tendencies (e.g. sponsorship offerings, restricted donation offerings) and increasing complexities of projects (e.g. stakeholders such as media publicly discuss project approaches and expect more comprehensive approaches, i.e. offering school space is no longer sufficient, additional support such as nutrition, water, hygiene etc. are also expected in order to increase school attendance and allow for best possible learning conditions). NGOs did significantly benefit from this tighter integration of strategic and operational initiatives with financial and accounting facts and from the resulting broader discussions with donors, beneficiaries and other stakeholders - and they continue to do so.

Thank you very much for this interview!

Appendix XIX: Single- and Double-Loop Learning Approach

As discussed in paragraph 2.4.4.3, learning is one of the three sustainability tasks, i.e. learning is one of the building blocks to continuously improve performance and increase sustainability. As learning approaches must fit with particularities of development aid NGOs (see paragraphs 2.2.4 and 2.2.5) and their decision situations, this paragraph first summarizes respective particularities. These particularities also describe the environment in which learning of all project partners and stakeholders must take place:

- Development aid NGOs engage in different, potentially changing projects (see paragraphs 2.3.3 and 2.3.4). Understanding such differences and changes, as well as managing them appropriately, is a key success factor for NGOs. Feedback from project partners regarding expected and effective results supports to manage subsequent project activities and maximize future project results.
- Development aid NGOs face a delay between action and impact (see paragraph 2.2.5.2), and if the underlying assumptions do not hold true, achieving impact is at risk. If external conditions change and assumptions do not hold true, strong feedback and learning processes (i.e. to act strongly on weak signals, see paragraph Appendix XX) support quick adaptation and adjusting actions, and therewith allow to still achieving the intended impact.
- Development aid NGOs primarily deal with people, trying to change lives (see appendix IV). Detailed understanding of the people's situation and the progress of changes is a prerequisite for walking the line with the concerned people, i.e. with the beneficiaries. And this may only be achieved through ongoing feedback regarding requirements as well as possibilities.
- Development aid NGOs work in complex, changing environments (see paragraph 2.2.4.1). The details of these complexities and changes must be understood, alternative options must be assessed and corrective actions must be derived and implemented. Feedback at different levels supports to take decisions for such adjustment in due time.

The above listed particularities indicate that development aid NGOs must take decisions at two levels: first at an operational, execution-oriented level (having all projects in time, in budget and at quality), and secondly at an assumption level (understanding the external conditions, applying the right assumptions, and changing the assumptions in response to evolutions in the external conditions). These two decision levels are consistent with the two types of projects that NGOs must undertake (based on Easterly's suggestion how to fix

development aid, see paragraph 2.3.1): projects that multiply what has previously proved to work (i.e. efficient multiplication projects), and secondly experimental projects to find what works (i.e. effective experimental projects). Ideally, the learning approach mirrors the two levels of decisions (learning regarding efficiency as well as learning regarding effectiveness and underlying assumptions). One learning approach that does mirror these two levels of decision-making is single-loop and double-loop learning, which are discussed in the following paragraphs. The single-loop and double-loop learning approach is only one of many possible approaches for development aid NGOs to engage in learning and feedback, but single-loop and double-loop learning is well suited to successfully master learning and feedback for development aid NGOs, as it mirrors the two levels that decisions must be taken at: increase results and review underlying assumptions. These two decision levels are consistent with the two types of projects that NGOs must undertake (based on Easterly's suggestion how to fix development aid, see paragraph 2.3.1): projects that multiply what has previously proved to work (i.e. efficient multiplication projects), and secondly experimental projects to find what works (i.e. effective experimental projects). And single-loop learning does allow learning regarding efficiency of project execution while double-loop learning simultaneously allows learning regarding project effectiveness and underlying assumptions.

1 Introduction Single-Loop and Double-Loop Learning

Based on prior research, Karen Watkins and Victoria Marsick believe that groups that combine many smart individuals do not necessarily collectively benefit from all their members' knowledge, i.e. the group's IQ is significantly lower than the group's average IQ⁸⁶⁰. However, they believe that appropriate group and organizational learning approaches allow incorporating more of the individual's knowledge. Summarizing respective learning approaches suggested by different authors from different perspectives (e.g. organizational learning perspective, innovation perspective, etc.)⁸⁶¹, they conclude that several authors suggest two levels of learning: single-loop learning and double-loop learning. The following three examples indicate the difference between these learning levels. Learning should:

- 1) Not only strive for achievement of the desired goals (single-loop learning) but also probe underlying assumptions, beliefs, or values that show how one has framed the situation in order to take decisions (double-loop learning)⁸⁶².
- 2) Not only change current strategies or tactics in case of a mismatch between what is intended to happen and what does effectively occur (single-loop learning), but also

⁸⁶⁰ Watkins K./Marsick V. 2010, p. 59

⁸⁶¹ Watkins K./Marsick V. 2010, pp. 60ff

⁸⁶² Watkins K./Marsick V. 2010, p. 62

allow a deeper analysis of the assumptions, values, or beliefs that cause one to define a situation as one does (double-loop learning, i.e. only radically redefining the question or situation may allow for breakthrough thinking)⁸⁶³.

- 3) And not only absorb shocks and initiate incremental change (single-loop learning), but also allow changes to occur at cultural, vision and value level, as well as changes in the overall system and structure of relationships (double-loop learning)⁸⁶⁴.

Watkins/Marsick do not see one of the two approaches to be superior over the other. Single- and double-loop learning have to be understood as two learning approaches that have strengths and limitations, and that have distinct advantages and disadvantages for certain situations, i.e. they are more or less useful for respective situations⁸⁶⁵. Chris Argyris describes in a similar way that single- and double-loop learning have different intentions and may apply individually or simultaneously. In Argyris's model (see figure 21), governing values (upper left side) influence actions, intentions and routines. For actions, there is a set of expected outcomes, the consequences. The effectively realized or observed outcomes may or may not match the expected outcomes (upper right side). In case of a match, no subsequent actions are necessary. But in case of a mismatch, single-loop learning, i.e. taking decisions in regard to the actions, as well as double-loop learning, i.e. taking decisions in regard to the governing values, apply independently but in parallel (lower arrows to the left). In any case, learning in this model is triggered by incongruity of expectations and realizations⁸⁶⁶, i.e. performance measurement (monitoring, evaluation, impact assessment) shows a different than expected picture of the project, organization or fundraising.

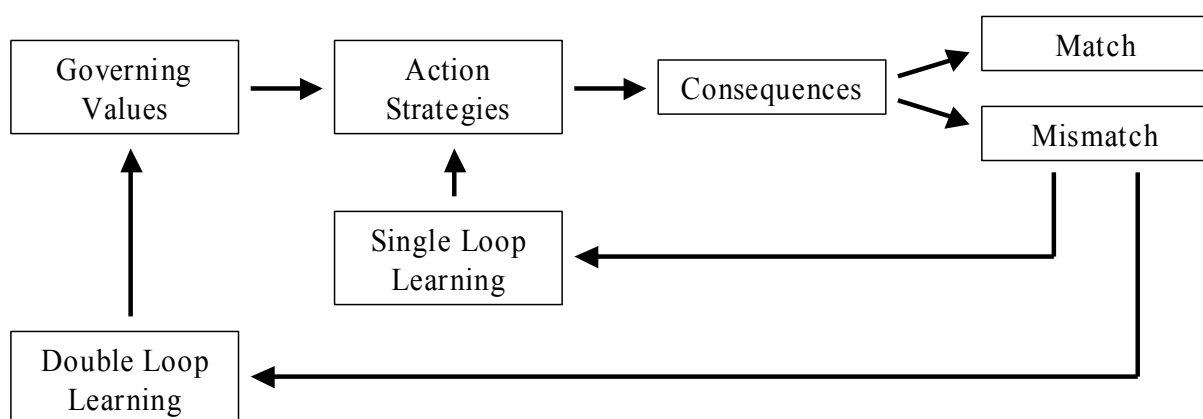


Figure 21: Single- and Double-Loop Learning (Argyris 2005)

⁸⁶³ Watkins K./Marsick V. 2010, p. 63

⁸⁶⁴ Watkins K./Marsick V. 2010, p. 63

⁸⁶⁵ Watkins K./Marsick V. 2010, p. 63

⁸⁶⁶ Argyris C. 2005, pp. 262f

The following paragraphs discuss these two learning approaches in more detail, to then analyze how these approaches may be used by development aid NGOs.

2 Single-Loop Learning

According to Argyris, organizations “create designs for action that they teach individuals to produce skillfully in order to achieve the organization’s goal effectively”⁸⁶⁷. These designs are elements of a master program that organizations define and implement in order to guide employees and their behavior. Such routines are necessary to allow for timely actions and responses to the occurring problems, because seeking for ways to deal with out of ordinary situation every time of an occurrence would absorb too much time. Therewith, routines “make organizational life manageable”⁸⁶⁸. And acting within such routines, i.e. detecting errors and correcting them without questioning and adapting the governing values, is what Argyris calls single-loop learning⁸⁶⁹. Therefore, single-loop learning improves context-specific skills, abilities and knowledge, but it does not question the frame or the reference that guides the problem-solving behavior. Consequently, single-loop learning strives for efficiency, but the organization remains constant even if the environment changes⁸⁷⁰. Single-loop learning therefore strengthens a certain social construction of reality, i.e. it reproduces reality⁸⁷¹.

Applying single-loop learning to problem solving processes, Jeff Dooley describes that organizations typically apply a self-governing and self-correcting process for feedback and learning in problem solving situations⁸⁷². In this process, organizations continuously monitor their own action, interpret this monitoring as perceived results, and by having some way of remembering what results are desired, they assess these perceived results. If the gap between perceived and desired results is significant enough, the organizations takes actions (or omit further actions) to influence the results and therewith to close the gap⁸⁷³. Dooley’s research concludes that organizations mostly use such continuous problem solving efforts for increasing the efficiency and reliability of their processes. He refers to such behavior as

⁸⁶⁷ Argyris C. 2005, p. 262

⁸⁶⁸ Argyris C. 2005, p. 262

⁸⁶⁹ Argyris C. 2005, p. 263

⁸⁷⁰ Argyris C./Schön D. 1978, p. 18

⁸⁷¹ Argyris C./Schön D. 1978, p. 18

⁸⁷² Dooley does not provide a definition for problem solving. Instead, he describes the most important defining factor of problem solving situations: problems, i.e. situations that the organization wants to influence in order to impose a change, cannot be ‘solved’ once and for all by taking actions, rather they are situations of indistinct messes which an organization hopes to ‘manage over time’ (Dooley J. 1999, p. 3).

⁸⁷³ Dooley J. 1999, p. 10

single-loop learning, i.e. organizations continue to do the same, but they try to do it better⁸⁷⁴.

Single-loop learning is also the dominant learning approach suggested by Kuster et al. While they do not call it single-loop learning, they describe that project management must result in prioritization (use available resources most effectively and efficiently), control (continuously assess project results regarding time, cost and quality), steering (implement corrective activities based on the findings in the control step), leading changes (take action if required in order to achieve the project goals), conducting evaluations (analyze the status of the project against previously defined criteria), as well as ensure reporting (document and communicate the current project status to decision authorities and to stakeholders)⁸⁷⁵. This approach to project management, especially the step 'steering', describes a single-loop learning approach, i.e. to influence the course of the project, with actions that lay within an existing triangle of cost, time and quality while the governing values of the project are not questioned⁸⁷⁶.

After having introduced the single-loop learning, the following paragraphs introduce the complementing double-loop learning cycle.

3 Double-Loop Learning

After the previous paragraphs discussed single-loop learning, the following paragraphs turn to double-loop learning. Argyris defines double-loop learning as error correction that does lead to changes in the governing values of the master program⁸⁷⁷. Therefore, engaging in double-loop learning requires questioning the rules of the game, as well as the frame of reference, and therewith to question the core assumptions, values and beliefs of the situation in question⁸⁷⁸.

According to Chris Argyris and Donald Schön, double-loop learning changes the governing values of a project or an organization. Such significant changes also require changing the respective performance measurement, or at least adapt the expected results, and therefore double-loop learning changes the definition of effective performance⁸⁷⁹. Agreeing that

⁸⁷⁴ Dooley J. 1999, p. 12

⁸⁷⁵ Kuster J. et al. 2006, pp. 143ff

⁸⁷⁶ For a detailed description of the project controlling step 'steering' see Kuster J. et al. 2006, pp. 148ff.

⁸⁷⁷ Argyris C. 2005, p. 263

⁸⁷⁸ Argyris C./Schön D. 1978, p. 22

⁸⁷⁹ Argyris C./Schön D. 1978, p. 22

double-loop learning changes the governing values, Dooley extends his model of problem solving through a second continuous process, aiming to investigate for doing the right things instead of doing the things right (see figure 22 for an overview of this combined single-loop and double-loop learning cycles, with the single-loop learning cycle in the lower part and the double-loop learning cycle in the upper part)⁸⁸⁰. Examples of considering riding the double-loop learning cycle include times when, despite increasing efforts, improvements stagnate or level, when rapidly changing customer needs require fundamentally different products, or whenever there is a vague feeling that something is not right. To start double-loop learning, the single-loop learning process has a gate (the so called double-loop learning gate, see figure 22 left side in the middle) that represents a decision point in cases that single-loop learning is not able to close the result gap (see above). The double-loop learning gate defines what information to gather, how to interpret it, and how such information should be best put in use⁸⁸¹. For double-loop learning, Dooley uses the same process of monitoring perceived results with the desired results and take actions. Figure 22 presents the visualization of a situation when customer needs are not fully appreciated, with double-loop learning finding the right services, and single-loop learning serving customers in the best possible way⁸⁸².

⁸⁸⁰ Dooley J. 1999, p. 13

⁸⁸¹ Dooley J. 1999, p. 14

⁸⁸² Dooley J. 1999, p. 17

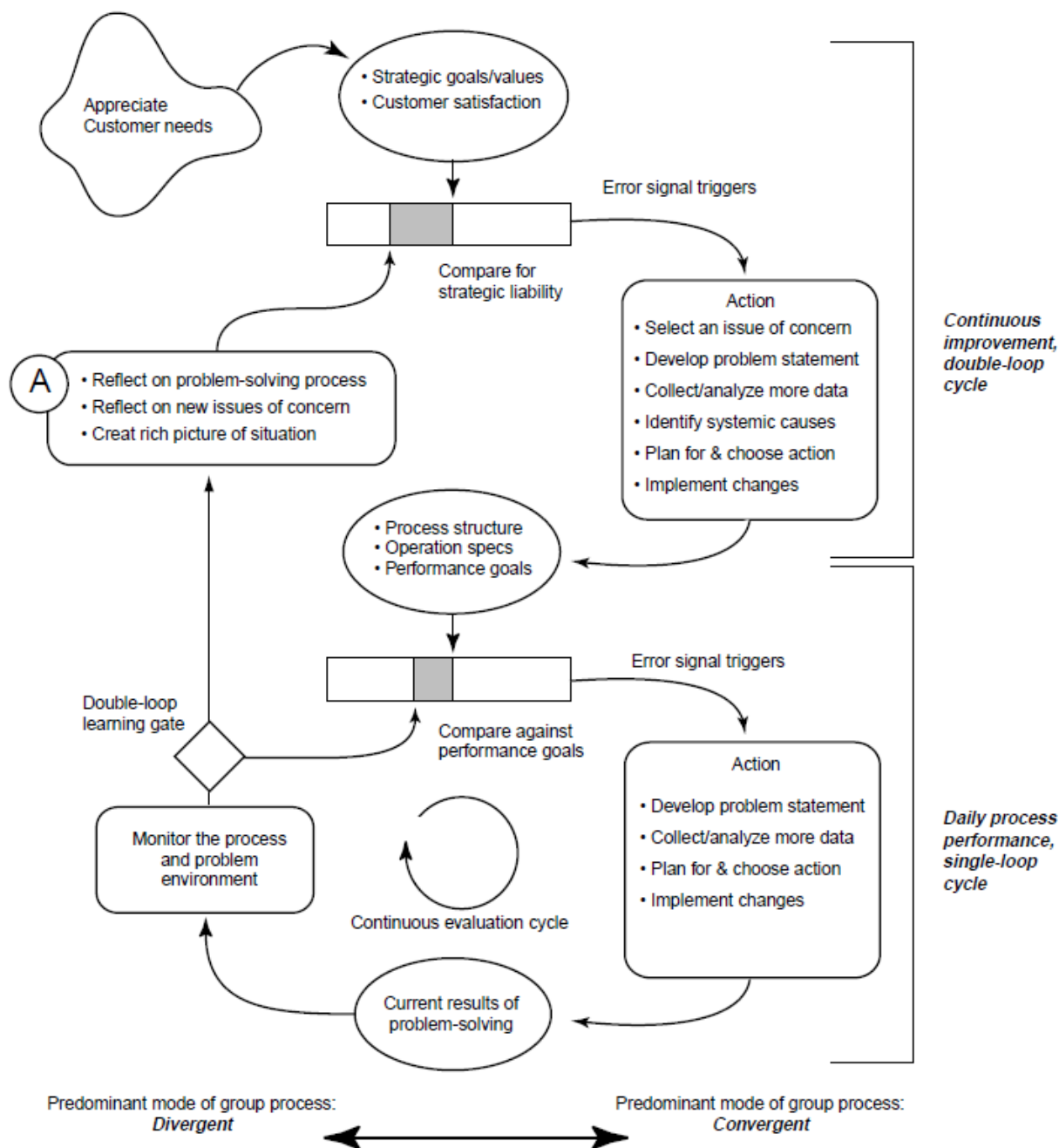


Figure 22: Problem Solving Model structured as Double-Loop Learning System (Dooley 1999)

According to Dooley, double-loop learning approaches solve problem by “cycling perpetually, humming along noticing defects and anomalies in processes, and taking action to improve them when necessary”⁸⁸³. The strength of the model roots in its basic design: the lower loop, the daily performance cycle, constantly seeks to meet the performance goals of the current processes and keep them under control, i.e. it allows for single-loop learning.

⁸⁸³ Dooley J. 1999, p. 16

The upper loop, the continuous improvement cycle, addresses riddles, anomalies and mysteries, which impact customer satisfaction (the ultimate governing value to address), which cannot be successfully addressed by single-loop learning. The double-loop learning gate allows understanding that previously existing problems were not solved yet by the single-loop learning cycles, and therefore a double-loop learning cycle needs to be initiated⁸⁸⁴. Dooley emphasized that unlike the model might suggest, double-loop learning is not a separate activity. Instead it is an integrated part of everyday, regular work. However, the nature of the discussions that are likely to take place in order to question the governing values (i.e. to ride double-loop learning) require distinct discussions, e.g. distinct continuous improvement meetings taking place monthly⁸⁸⁵.

In addition to the upper and lower loop, Dooley's model also describes differences between activities on the left side of the model and activities on the right side of the model (see figure 22). Left side activities largely describe information gathering and exploratory activities, i.e. big picture analysis based on vague feelings, with the respective group processes being predominantly divergence, i.e. brainstorming, brainwriting, etc. The right side predominantly contains activities that drive action through planning, decisions-making and implementation, using mostly convergent group process approaches and tools, i.e. GANTT charts⁸⁸⁶, etc.⁸⁸⁷

While Kuster et al. see project control mostly as single-loop learning (see above), they acknowledge that projects are highly dynamic with significant interdependence, i.e. they are influenced by project internal and external factors, and some of them may have a significant impact on the project and its results⁸⁸⁸. Some of the examples that they list, e.g. changing customer needs, changing legal frame, or significant development in material science⁸⁸⁹, may force the project to question the project's governing values and require double-loop learning. In such cases, Kuster et al. suggest to clearly document the case, and to broadly discuss and agree on changing the governing values of the project. Such discussions and agreements must include all necessary stakeholders of the project⁸⁹⁰.

⁸⁸⁴ Dooley J. 1999, pp. 17f

⁸⁸⁵ Dooley J. 1999, p. 21

⁸⁸⁶ GANTT charts map the project time line and all activities (or groups of activities) as bars indicating the duration of the activity. The chart allows to design what activities shall take place when during the project (start time and end time), and most importantly, it allows to indicate dependencies between different activities, i.e. the second bar can only start after termination of the first bar (Kuster J. et al. 2006, p. 118).

⁸⁸⁷ Dooley J. 1999, p. 18

⁸⁸⁸ Kuster J. et al. 2006, p. 151

⁸⁸⁹ Kuster J. et al. 2006, p. 153

⁸⁹⁰ Kuster J. et al. 2006, p. 154

Applying the idea of double-loop learning to NGOs and development aid projects, the first step is to define the double-loop learning gates. While the gate may be clearly defined (e.g. after turning in a project final review), whether or not to ride the learning curve is less objective. Instead it is a subjective feeling that results may still not improve after yet another cycle of single-loop learning, or a vague feeling that something is not right. Therefore, whether or not to ride a double-loop learning cycle might require a group decision and objective measures (e.g. number of times that the NGO or project has to come back to the same discussion) only offer minimal support. Whether or not to start a double-loop learning cycle may also depend on the nature of deviations. If the deviations (i.e. the reasons for riding double-loop learning) are of temporary nature only, or they are insignificant, spending resources to question the governing values is not advisable. However, if the reasons are of permanent or significant nature (or they are expected to be so), NGOs may decide on learning for a subsequent project phase (i.e. change the subsequent activities of an existing project) or for a subsequent project. And if finally a NGO does ride double-loop learning and does find necessary changes for projects, respective consequences must also apply at organizational levels, i.e. beyond the projects. Such additional consequences may include additional considerations during project initialization (e.g. requiring a new mix of projects), project control (e.g. frequency of project reviews for high-risk projects), or fundraising (e.g. better matching of donor's interests with project objectives, as well as increased communication of statuses and successes). These examples show that double-loop learning has the potential to significantly influence the operation of a NGO. While such change might hold some risk of failure, it also points to the very nature of NGOs: as they strive to change people's lives, they must move on as soon as they are successful (i.e. they must strive to offer more changes for the same people or to serve other peoples in order to also change their lives). And as the NGO moves on, it must thoroughly re-assess the governing values for the new services that it renders or the new people that it serves.

After having discussed the theory of single-loop as well as double-loop learning, the following paragraphs draw respective learning for development aid NGOs.

4 Summary Single- and Double-Loop Learning for Development Aid NGOs

Based on the above discussions on single- and double-loop learning, both seem to offer advantages for development aid NGOs, and development aid NGOs should consider defining gates which allows invoking single- and double-loop learning cycles. While single-loop learning is already persistent in project management approaches (see above), respective

learning must also be ensured for the organization level, especially in regard of providing the required level of capacities, as well as for the Fundraising level, i.e. to continuously attract sufficient funds to run the project (see paragraph 2.2.5.1). Regarding double-loop learning, which is currently only weakly represented in project management, the Sustainability Measurement Framework must offer explicit hooks to start double-loop learning cycles. In order to unfold the full potential of learning, the Sustainability Measurement Framework allows defining questions that project partners have to answer in the sustainability task Learn at all four sustainability levels. And these questions should point to single-loop learning (i.e. how to improve efficiency of subsequent project proposals, project phases, projects, organizational undertakings or fundraising activities) as well as to double-loop learning (i.e. do underlying guiding values as well as assumptions still hold true, for remaining project phases as well as for subsequent proposals, projects, organizational undertakings or fundraising activities).

Depending on the type of project in question (experimental project, which according to Easterly search for what works, or multiplication project, which according to Easterly allocate more resources to what has proved to work), the predominant learning may be different. While experimental project call for double-loop learning, i.e. questioning if the guiding values and therewith the project assumptions, and basic design elements prove to effectively changing people's lives, multiplication project strive for efficiency and may require primarily single-loop learning. If multiplication project require double-loop learning, i.e. improvements stagnate or a vague feeling remains that there is something wrong with the project, the respective project approaches may be abandoned as they do not lead to impact any more, i.e. they must be converted back into experimental project to start searching what adjustments are required so that the project approaches do work again.

Double-loop learning may also include questioning the NGO's underlying sustainability and sustainable development considerations that the organization needs to consider and decide upon (see paragraph 2.1.4). Therewith, the double-loop learning gate may also serve to allow own experiences, feedback from beneficiaries, best practices, new findings from research, or simply new ideas regarding the balance of environmental, social and economic aspects, to be applied to the projects as well as to the NGO's operations.

Given the sequence of the sustainability tasks, i.e. communicate preceding learning, learning may start by asking for feedback from everyone who has received information (i.e. to whom the information has been communicated to). Such feedback may require three suggestions for learning, including ranking of their importance, i.e. how important respective learning is

perceived to be (does it concern a situation that is already very good today, or does the level of the current situation desperately need to be increase). The NGO may even decide to explicitly expect three suggestions for single-loop learning and three suggestions for double-loop learning. And if a majority of project partners provide a feedback that certain learning is necessary and of high importance, respective efficiency changes (derived from single-loop learning) and effectiveness adjustments (derived from double-loop learning) may be implemented.

After having discussed learning approaches for development aid NGOs, especially regarding Easterly's call for learning from experimental projects and multiplication projects, and having suggested how hooks for respective single- and double-loop learning cycles are implemented in the Sustainability Measurement Framework, the following paragraphs conclude the chapter on performance measurement by summarizing the key learning for the Sustainability Measurement Framework.

Appendix XX: High Reliability Organizations (HRO) and Attentive Management for Development Aid NGOs

In her book on high reliability organizations (HROs)⁸⁹¹, Kathleen Sutcliffe concludes that the unexpected may cause problems to organizations because something that was not expected to happen does happen, or something that was expected to happen does not happen. And successful management of the unexpected is attentive management of the unexpected, something that HROs do repeatedly master well⁸⁹². The following paragraphs introduce attentive management and derive suggestions for development aid NGOs how they may benefit from HRO approaches for the sustainability tasks Communicate and Learn (i.e. for the steps communicate and learn of the generic decision process).

1 Introduction

According to Sutcliffe, it takes people oftentimes too long to recognize gaps between what effectively happens and what their expectation is (this seems to also be true for development aid NGOs, i.e. Renz sees not early enough recognition of appearing problems as one of the characteristics for development aid projects, see paragraph 2.3.3). And this late recognition of how the unexpected unfolds has two consequences: first the situation starts escalating into a problem, and secondly the actions and reactions taken to fight or confine the incident frequently point in the wrong directions⁸⁹³. Sutcliffe concludes that acting attentively allows organizations to recognize the unexpected early and to stop its further evolvement. Attentive management therewith allows concentrating on confining dissemination, as well as reacting flexibly and bringing the system back to full function as soon as possible⁸⁹⁴. Following an attentive approach means to maintain a mindset that allows to constantly update interpretations of interrelations and dependencies, and to continuously seek for the most plausible explanations of any given situation (i.e. detecting problems and driving counter measures)⁸⁹⁵. In summary, the approach must be rather counter-intuitive: acting strongly on weak signals⁸⁹⁶.

⁸⁹¹ High reliability organizations are organizations such as power utility companies, nuclear air craft carrier, nuclear power plants, emergency rooms in hospitals, and alike, i.e. organizations with excessive unexpected incidents, however they seldom fail (Sutcliffe K. 2003, p. 15).

⁸⁹² Sutcliffe K. 2003, p. 14. For example, results from a new strategy, new processes, new services, etc. do not materialize or the respective execution faces unexpected obstacles (Sutcliff K. 2003, p. 14).

⁸⁹³ Sutcliffe K. 2003, p. 14

⁸⁹⁴ Sutcliffe K. 2003, p. 15

⁸⁹⁵ Sutcliffe K. 2003, p. 15

⁸⁹⁶ Sutcliffe K. 2003, p. 16

2 Characteristics of HRO Approaches

To successfully follow an attentive management approach, HROs typically show the following five characteristics⁸⁹⁷:

1. **Concentrate on mistakes:** HROs do not rest on their laurels, they are obsessed to learn from even small mistakes and to understand slips as early indicators for possible deeper problems in the system with potentially catastrophic consequences⁸⁹⁸.
2. **Defeat simplifying interpretations:** instead of identifying key problems only, HROs build a comprehensive understanding of complex interrelations, they approach prevailing opinions skeptically, and they avoid abandoning controversial viewpoints too quickly⁸⁹⁹.
3. **Sensibility for organizational processes:** the reasons for the unexpected are understood to be inherent errors in the processes. Such errors manifest themselves frequently as minor defects in the process, which offer opportunities for learning and enhance processes. Hiding of information (e.g. on minor defects) is seen as low quality of human relationships. Besides broad information of even minor defects, HROs see investing in human relationships a key managerial priority⁹⁰⁰.
4. **Strive for flexibility:** no system is perfect, errors do happen, but they must not benumb the organization. If all parts of the system know one another very well (including resources and constraints), it is possible to recognize errors early and then react to them with improvised arrangements. And such flexible reactions allow keeping the system alive. As an example, successful firefighters have a vivid imagination and in their mind they act out alternative situations in advance, which allow them to react flexibly to surprises and therewith to still accomplish the mission as the unexpected starts to unfold.⁹⁰¹
5. **Respect expert knowledge and experience:** HROs allow considering a broad variety of knowledge and experience, which increases the ability to apprehend complex situation as well as the ability to use the complexity constructively. Decisions are taken at the front instead of in the back-office, they are taken by a large number of people, and power shifts to the person with the most specific knowledge⁹⁰².

⁸⁹⁷ Sutcliffe K. 2003, p. 22

⁸⁹⁸ Sutcliffe K. 2003, p. 23

⁸⁹⁹ Sutcliffe K. 2003, p. 24

⁹⁰⁰ Sutcliffe K. 2003, pp. 25f

⁹⁰¹ Sutcliffe K. 2003, p. 27

⁹⁰² Sutcliffe K. 2003, pp. 28f

In addition to the principles mentioned above, HROs differentiate between normal times (acting through management from the top), turbulent times (decision authority is wandering to the person with the most specific knowledge), and unexpected incident (acting according to an improvised disaster plan). And through clear and transparent signaling and communication, the members know very well which mode the organization currently operates in. HROs are convinced that walls of silence will not block the unexpected, but apprehensive management will⁹⁰³.

3 Attentive Management for Development Aid NGOs

The characteristics of HRO and attentive management are generic in nature. For an organization to implement respective approaches and to benefit from attentive management, the organization needs to interpret and adopt the characteristics of HROs and attentive management to its specific environments, particularities and organizational culture. For instance, aircraft carriers typically translate the characteristics into the following two main managerial elements: ongoing information⁹⁰⁴ and safety through constant change⁹⁰⁵. In order for a development aid NGO to adopt the characteristics of HROs, to learn from HROs and to use the respective experiences to its own benefits, it may start with attentive management by adopting the following HRO characteristics:

- Actively combat the tendency to look one-sided for arguments that confirm the current expectations, allow views that oppose the current expectations, and strive for a well-balanced understanding of systems⁹⁰⁶.
- Communicate openly, distribute information broadly but decisively (i.e. not all information is available to everyone, instead NGOs offer transparency on availability of information and dissemination), and invest in human relationships. Such investments in human relationships may also contribute to ease the tension between employees and volunteers (see paragraph 2.2.5.3).

⁹⁰³ Sutcliffe K. 2003, p. 30

⁹⁰⁴ On an aircraft carrier, there is constant information, about anything that happens on the carrier. The reason is not for recipients to process this information, instead people listen to abnormalities, to pieces of information that are unexpected or missing. Thanks to this constant flow of information, and to clarify what information is expected, people can react almost immediately to unexpected or missing information (Sutcliffe K. 2003, p. 44).

⁹⁰⁵ Safety and security are fragile states of non-occurrence (i.e. mistake does not occur). This stable state of non-occurrence is not achieved through successive repetitions, instead it is constant change that leads to stability. If a symptom appears, stability is only re-gained base on reciprocal adaptation of subsequent changes. Therefore, the ability to manage dynamic non-occurrence is a mix of respectful interaction, communication, trust, understanding of technology, alertness and familiarity of mutual duties, as well as experience (Sutcliffe K. 2003, pp. 43f).

⁹⁰⁶ Sutcliffe K. 2003, p. 47. Project portfolios may offer a starting point for such an approach: development aid NGOs offer a number of options in their projects which need adaptation to the specific project situations. NGOs may openly and broadly signal such options and flexibility in the project approach to project partners and beneficiaries. Such communication allows for searching specific knowledge and experiences, it allows preliminary discussions regarding the best possible project adaptations, and it supports joint agreements of project partners. All in all, clarity on options support attentive management.

- Search for the person with the most appropriate knowledge, i.e. make that person aware of her being needed through broad communication. And as soon as this person is found, shift decision power to her.
- Be clear about the status and perception of each project, especially what the next steps are going to be in order to achieve the next level results.
- Constantly question, assess, rework, design and influence the expectations regarding the project context⁹⁰⁷, i.e. the assumption that the project builds upon. Do this openly and transparently, ask questions regarding underlying assumptions and expect detailed answers from the respective stakeholders.
- See mistakes and failure as learning opportunity, do not sanction them, but do point them out openly and transparently. Also communicate respective subsequent learning.
- Build flexibility into the project (see paragraphs 2.2.6 and 2.3.4). This flexibility should mirror the level of comfort with the project, i.e. previous experiences, pre-existing knowledge, extent of new elements in the project mix, degree of understanding for the respective project environment, etc.

Adopting such elements offer development aid NGOs a starting point for attentive management, Therewith, development aid NGOs can learn from High Reliability Organizations how to allow communication among partners and stakeholders, how to ensure that information flows to where it is most valuable for learning, as well as how to respond to unexpected situations, e.g. to assumptions that do not hold true, or to projects that have side effects that must be addressed.

Attentive management, especially transparent and broad communication, may allow development aid NGOs to build and retain an open, aspiring learning and feedback culture, which may allow for reaching new levels of project results and sustainability. The development aid NGO may not necessarily become an HRO as a whole, but at least certain projects (e.g. experimental projects) may benefit greatly from adopting HRO-related approaches.

⁹⁰⁷ Sutcliffe K. 2003, p. 55

Appendix XXI: Survey Questionnaire

Survey for dissertation

Impact and Sustainability Assessment

by Simon Pfister, PhD. student at the University of St. Gallen (HSG), Switzerland

In my doctoral thesis I investigate the impact and sustainability assessment for activities of development aid organizations. Besides analyzing current approaches and methodologies used, the survey also investigates how development aid organizations today **measure success**, how they **communicate findings** and how they **implement learning** based on current success. Answering the survey requires 30 to 40 minutes of your time. I do hope for your participation - only a big enough number of returned questionnaires allow a solid empirical foundation for my dissertation. As appreciation of your participation and for your own benefit, I offer to send you the results and findings of the survey.

Besides introductory questions regarding your organization (part A), the questions inquire your current approaches and methodologies at the level **overall organization, project proposal, project results and fundraising** (parts B to E). The open questions in parts B to E require two answers: first, **how often** the respective aspect does currently apply for your organization / projects (please **check a box** between 'never' and 'always'), and secondly how often the aspect **should ideally** apply (gray column, please **enter a value** between 1 and 5, 1='never' and 5='always'). You find an example at the end of this page. Your answers will be kept absolutely anonymously. All analysis and reports will solely correspond to average values.

Thank you very much for your efforts! Please send the survey back to me **before November 15, 2010** using the attached return envelope. Alternatively, you may scan your answers and send them electronically, or ask for an electronic copy of the survey (simon.pfister@unisg.ch). For questions and further clarifications please do not hesitate to contact me.

Simon Pfister (simon.pfister@unisg.ch | +41 79 421 3051)

E.g.: How often do your development aid projects typically show the following characteristics? How often do you think they should show these characteristics (1 – 5)?

	<i>never (1)</i>	<i>seldom (2)</i>	<i>often (3)</i>	<i>mostly (4)</i>	<i>always (5)</i>	<i>should (1-5)</i>
<i>Characteristics of Development Aid Projects</i>						
<i>Support of permanent establishment (schools, hospitals, etc.)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5

A Organizational Questions

A.1. What is the budget of your organization for development aid activities in the current year?

<input type="checkbox"/> below USD 200,000	<input type="checkbox"/> USD 5,000,001 – 10,000,000
<input type="checkbox"/> USD 200,000 – 500,000	<input type="checkbox"/> USD 10,000,001 – 20,000,000
<input type="checkbox"/> USD 500,001 – 1,000,000	<input type="checkbox"/> USD 20,000,001 – 50,000,000
<input type="checkbox"/> USD 1,000,001 – 2,000,000	<input type="checkbox"/> USD 50,000,001 – 100,000,000
<input type="checkbox"/> USD 2,000,001 – 5,000,000	<input type="checkbox"/> above USD 100,000,001

A.2. How many employees and volunteers work for your organization related to development aid (including administration), domestically and abroad?

Personnel resources	domestic	abroad
Number of Employees		
Number of Volunteers		
Full-time equivalent Employees (1 FTE = 100%)	%	%
Full-time equivalent Volunteers (1 FTE = 100%)	%	%

A.3. In which countries does your organization provide development aid services and how important is each country (i.e. how substantial are the activities of your organization in this country)? Please add additional countries if applicable.

Countries in which your organization provides development aid services (i.e. in which you engage in programs / projects)	no activities	minor	important	major	exclusively
Switzerland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Germany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
United Kingdom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
USA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A.4. How often does the development aid branch of your organization engage in the following activities?

Development Aid Activities	no activities	minor	important	major	exclusively
Financial support for projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial support for infrastructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial support for running costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial support for research projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engage external subject matter experts (Consultants)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engage local subject matter experts (Consultants)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engage external project managers / foremen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engage local project managers / foremen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Budget support for government finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A.5. In which countries is the development aid branch of your organization active with fundraising activities and how important is each of these countries?

Countries with Fundraising Activities	no fundraising	minor	important	major	exclusively
Switzerland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Germany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
United Kingdom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
USA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A.6. How important are the following sources of funds for your organization's development aid activities?

Sources of Funds for Development Aid Activities	no importance	minor	important	major	exclusively
Funds from foundations and grant-making organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contribution / donation from governments (or other public organizations)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service contracts with government (or other public organizations)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private small donations (donations up to USD 100.00)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private major donations (donations above USD 100.00)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donations from enterprises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contributions / donations from church organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contributions from beneficiaries / income from selling services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selling of products to third parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B Project Proposal

B.1 How often do your development aid projects typically show the following **characteristics**? How often do you think they **should** show these characteristics (1 – 5)?

Characteristics of Development Aid Projects	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Support of permanent establishment (schools, hospitals, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Repeated support for the same beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Using new technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Technologies used are adapted to the local conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage with local instead of international subject matter experts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Foremen / team leaders are recruited locally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Daily laborers are recruited locally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Low cost of engaged daily laborers is important	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage beneficiaries in the projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project partners are well known and previous collaboration has proved successful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project results are achieved during the project duration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project results change the lives of beneficiaries manifold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A significant part of the subsequent changes in the lives of beneficiaries is only achieved after the project duration (i.e. with some time delay)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects likewise focus short term targets (project results) and long term targets (changes in lives of beneficiaries)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Achieved project results remain existent over a long period of time (there is no risk of backslide / change for the worse after the end of the project)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Once the (short term) project results are achieved, the (long term) changes in the lives of beneficiaries are achieved 'automatically'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A step 'learning from milestone / project' is a fix component of each project plan and the project manager is responsible for the respective execution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Your organization engages in projects so that new projects will benefit from their experiences and use their synergies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
New projects include approaches that complete or expand your organization's current spectrum of activities and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Local governments are involved in the projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects are specifically tailored to the requests of donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Successful projects are expanded / multiplied to additional beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The success of projects is dependent on external factors (i.e. assumptions, conditions, limiting factors, and presupposition)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B.2 How often are the following **aspects** applicable for respectively implemented as part of your development aid projects? **How often should they be applicable (1 – 5)?**

Other Aspects typically applicable for your Development Aid Projects	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Engaged subject matter experts must be educated / trained for their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engaged foremen / team leaders must be educated / trained for their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engaged daily laborers must be educated / trained for their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
After it's termination, the project is handed over to the beneficiaries for operation and daily running	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Beneficiaries are being prepared for the later operation of the project (education/training, contractual coverage, financing, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
After it's termination, the project must be financially self-supporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects lead to income opportunities for local people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects are based on assured experiences (analysis, studies, etc.) how results change the lives of beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects encompass additional measures to minimize negative impacts from external factors (i.e. assuring to meet the long term objectives)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects are aligned with other activities of beneficiaries (e.g. with other projects of government or development aid organizations)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Landscape is preserved in its originality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects use natural resources gently	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects protect natural resources from exploitation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects support preservation of biodiversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects support regeneration of natural resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects strive for and support CO ₂ -neutrality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects strive for and support water-neutrality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects use energy from renewable sources or support renewable energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects support climate protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects allow all members of a community to participate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects integrate marginalized groups of the community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects balance social forces (i.e. underprivileged do benefit as well)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects respect the cultural heritage of the project areas / region	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects ensure that children can go to school regularly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Projects ensure that the children's capacity for learning is increased	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B.3 How often do the criteria below apply for the decision to **approve a project proposal** and start the project? **How often should they apply (1 – 5)?**

Criteria to approve a Project Proposal	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Project objectives match the organization’s objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project promises good performance ratios (number of beneficiaries, cost per beneficiary, result per beneficiary, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sufficient financial resources are available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Time plan for project implementation is realistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Organization internal standards are complied with (e.g. quality, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Required knowledge and resources are available internally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Access to required external knowledge and resources is assured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Learning from similar project is largely included	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Beneficiaries are engaged in planning and implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
High probability that project results will be achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
High probability that changes in the lives of beneficiaries will be achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B.4 How often does your organization typically communicate project proposal information to what stakeholders in what detail? **How often should you communicate to whom (1 – 5)?**

Communication of Project Proposal Information	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Feedback to proposal requester regarding final decision (Go/No-Go)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Detailed feedback to proposal requester regarding critical aspects of proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Suggestions to proposal requester for additional improvements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Provide assessment of project opportunities and risks to proposal requester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Feedback to future project manager regarding special expectations, core aspects, or opportunities and risks of the project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Detailed background information regarding the project to project members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information to management board (e.g. focus of proposals, reasons for rejection, ratio approved/rejected proposals, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information to employees/volunteers: number, content, etc. of proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information to donors: number, content, etc. of proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B.5 How often does your organization use the following measures to **improve project preparation and proposals**? **How often should they be used (1 – 5)?**

Measures to Improve Project Preparation and Proposals	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Rework and re-submission of rejected project proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust templates and formularies for project description / proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust approach and methodology for project descriptions / proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adapt criteria used to decide upon project proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Define new decision criteria for new / novel projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Internal education / training or capacity building initiative (e.g. to increase the quality of project preparation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Exchange with other organization to professionalize project preparation and project proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C Project Results

C.1 What project controls does your organization typically require at what point in time from development aid projects?

Project Controls	never	monthly / shorter	quarterly	bi-annually	annually	milestones	end of project
Status reports (description of project status)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial information, comparison of plan and actual / deviations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ratios (number of beneficiaries, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Performance measurement system (e.g. Balanced Scorecard)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project progress (time wise) and duration / time to completion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree of achievement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
List of open points and actual challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Estimation of required capacity for project completion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Questioning project manager regarding project activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Survey beneficiaries regarding benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C.2 How often support the following factors the success of your projects (i.e. they can be understood as **key success factors**)? How often **should** they be understood as key success factors (1 – 5)?

	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Key Success Factors for Development Aid Projects						
Detailed understanding of situation / sufficient problem analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Define project objectives and purpose collaboratively with beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Detailed project planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adequate project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project design (mix of activities, services, beneficiaries, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deployed technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project team and collaboration within the team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage adequate international subject matter experts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage adequate local subject matter experts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage adequate local team leaders / foremen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Engage adequate local daily laborers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sufficient financial resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Time management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project performance measurement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quality management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Learning from earlier phases being implemented in subsequent phases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Good governmental conditions in developing countries (e.g. no corruption)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C.3 How often does your organization use the following indicators to assess the success of projects? How often **should** they be used (1 – 5)?

	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Indicators to assess Project Success						
Adhere to time plan and how delays are dealt with	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adhere to quality and how deviations are dealt with	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adhere to financial conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adhere to internal standards (Best Practices, social standards, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adhere to external standards (Social Audit, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deviation from original project plan (number, extend, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deviation from latest / actual project plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Availability of sufficient resources (knowhow, labor, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Achievement of short term project results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Indicators to assess Project Success	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Positive indicators regarding achievement of long term project results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Achievement of long term project results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Satisfaction of project team members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Satisfaction of beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Satisfaction of donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C.4 How often does your organization typically provide which **project information** to what stakeholders? **How often should** the information be provided (1 – 5)?

Project Information for Stakeholder	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Project budget to project team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project budget to beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project budget to all internal employees/volunteers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project budget to donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project status to project teams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project status to beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project status to all internal employees/volunteers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project status to donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Summary of all current projects to all project teams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Summary of all current projects to all beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Summary of all current projects to all internal employees/volunteers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Summary of all current projects to donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Final report to project team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Final report to beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Final report to all internal employees/volunteers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Final report to donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C.5 How often does your organization apply the following measures for **project amendments**? How often **should** they be applied (1 – 5)?

Measures for Project Amendments	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Collect systematic feedback from project team, partners and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Clarify expectations of project team, partners and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Clarify duties of project team, partners and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust next project steps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equip project with additional resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adapt project (objectives, technologies, methodologies, partner, beneficiaries)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Higher attention for critical projects (more frequent reports, establish 'Task Force', on-site visits of board members, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cancel project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust reports for project reporting and control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust methodology for project reporting and control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Define new project reporting and control for novel projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Education/training regarding project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust services spectrum of organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adapt Codes of Conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Collaboration with other organizations to increase project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Collaboration with donors to increase project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

D Organization

D.1 How often do you use the following **approaches and indicators** to assess your organizational results? **How often should they be used (1 – 5)?**

Indicators to assess Organizational Results	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Financial budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial accounting (income statement, balance sheet, cash flow statement)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Plan-Actual-Comparison (deviation of budget and accounting)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Total administrative costs (abroad and domestic)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Total personnel and personnel-related costs (abroad and domestic)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Total expenses for rejected projects proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Total expenses for review, evaluation and learning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cash Flow-analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial ratios (liquidity, profitability, security, financing)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Operational ratios (number of beneficiaries, cost per beneficiary, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ratio system (Balanced Scorecard, Dashboard, KPIs, Cockpit, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Project portfolio (number of projects, average project duration, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Status of current projects (number of projects in what phase, percentage of completion, required resources until completion, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of project deviations (average delay, additional cost, reasons for deviations, applied counter measures, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quality analysis of services and projects (e.g. TQM, EFQM, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Bottleneck analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Strategy analysis (e.g. SWOT, portfolio analysis, ABC-analysis, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Stakeholder analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of learning culture (permute experiences, openness for novelty, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Organizational analysis (qualification of personnel, quality of IT, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of actual risks and threats for the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Revise organizational objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Revise relevance of offered services and projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
External audits (in addition to financial audits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of responsibilities / Accountability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Impact analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainability measurement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

D.2 How often are the following **information about the organization** typically provided to stakeholders? **How often should** this information be provided to stakeholders (1 – 5)?

Organizational Information for Stakeholder	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
All stakeholder have access to the annual report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
All stakeholder have access to the detailed financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
You host frequent information events (road shows) for stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Upon request, detailed information is provided to stakeholders (if necessary including internal information / documents)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Detailed internal information / documents are only available to stakeholder as part of a close collaboration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
How the expenses (i.e. services and projects) change the lives of beneficiaries is obviously and easy to understand for stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Stakeholder understand the specific challenges and external conditions of your organization's development aid projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

D.3 How often do you implement the following measures to **increase the results** of your organization? **How often should** they be implemented (1 – 5)?

Measures to increase the Results of your Organization	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Critical review of requirements for project responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of decision criteria for project proposals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of formularies and templates for project reporting and control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of project mix (how many projects with what objectives)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of offered services and projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of areas of activities (partners, regions, countries, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust organizational objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of fundraising approaches and methodologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of supporting processes (personnel, IT, administration, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

E Fundraising

E.1 How often do you use the following **approaches and indicators** to assess your fundraising and its success? How often **should** they be used (1 – 5)?

Indicators to assess Fundraising	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Income from each fundraising activity (mailing, collection, campaign, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cost for each fundraising activity (mailing, collection, campaign, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Donor ratios (number of donors, average donation amount, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Grouping of donors (e.g. grant-making organizations, top-donors, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Income per donor / group of donor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ratios per donor / group of donor (e.g. marketing expenses per dollar income from top-donors)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Classification of donors / group of donors (e.g. ABC-analysis)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of donor / group of donor development (e.g. growth of legates, participation of top-donors at special events, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Targets regarding the development of donor / group of donor (e.g. growth)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deviation analysis for donor development (actual versus targets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Percentage of committed donations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ratios for committed donations (proportion of commitment, proportion per group of donor, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Analysis of development of committed donations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Targets regarding development of committed donations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deviation analysis for committed changes (actual versus targets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

E.2 How often does your organization apply the following aspects regarding **communication with donors**? How often **should** they be applied (1 – 5)?

Aspects of Communication with Donors	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Approaching of donors differs by donor group (i.e. it is group specific)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Approaching of donors differs by the nature of donation (e.g. target country)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Donors are specifically informed, how the project contributes to a sustainable increase for beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Your organization strives to engage important donors emotionally in the organization's work and projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Donors request a specific project reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The specific donor reporting is extensive and requires significant resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Donors that require a specific reporting also request for additional information (i.e. exceeding the specific reporting requirements) on an ad-hoc basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Frequent meetings with top-donors apply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

E.3 How often do you implement the following measures to **increase fundraising** and fundraising results? How often **should** they be implemented (1 – 5)?

Measures to increase Fundraising	never (1)	seldom (2)	often (3)	mostly (4)	always (5)	should (1 – 5)
Feedback of donors is incorporated in future project preparations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Suggestions of donors are incorporated in project management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Requirements of donors are incorporated in project reporting and assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjust general information being provided to donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of fundraising content and messages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of individual fundraising activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of future collaboration with donors / group of donor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Critical review of future products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Remarks / suggestions:

- Yes, please send me the summary and findings of the survey to the following address:

Organization:

Name:

Street:

ZIP / City:

Country:

E-mail:

For electronic delivery

I am looking forward to your results!

Thank you very much for your support and best of luck for your projects

Appendix XXII: Surveyed NGOs

The following list (see table 35) provides the names and countries of all 185 development aid NGOs that the questionnaire was sent to (for further details regarding the selection of the development aid NGOs see paragraph 4.1.2).

Organization	Country
1010 Project, Inc.	USA
ACCION International	USA
Action Against Hunger-USA	USA
ActionAid International	United Kingdom
ADRA - Adventist Development and Relief Agency International	USA
Advantage Africa	United Kingdom
African Future Development	United Kingdom
African Outreach	United Kingdom
Africare	USA
Agency for Cooperation and Research in Development, UK (ACORD-UK)	United Kingdom
Agros International	USA
AiDE DiRECTE	Switzerland
Alliance for Community Capacity Building in Northeast India	United Kingdom
American Himalayan Foundation	USA
AMREF USA	USA
ANDHERI-HILFE Bonn e.V.	Germany
APT Enterprise Development	United Kingdom
Aptivate	United Kingdom
asra Foundation Switzerland	Switzerland
Association Suisse Frères de nos Frères	Switzerland
Astrid und Toni Schmid-Stiftung	Germany
Auxilium Gesellschaft für Entwicklungshilfe e.V.	Germany
BioVision für ökologische Entwicklung	Switzerland
Brot für Alle - Pain pour le prochain	Switzerland
Brücke Le pont	Switzerland
Build Africa	United Kingdom
CAFOD - Catholic Agency For Overseas Development	United Kingdom
CARE	USA
Caritas Schweiz	Switzerland
Center For Global Impact	USA
cfđ, Christlicher Friedensdienst	Switzerland
CHOICE Humanitarian	USA
Christian Outreach Relief and Development	United Kingdom
Community Development and Action International	United Kingdom

Table 35: Alphabetical List of surveyed Development Aid NGOs (own Illustration)

Organization	Country
Concern Worldwide US	USA
CO-OPERAID	Switzerland
Das Hunger Projekt e.V.	Germany
DESWOS - Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V.	Germany
Deutsche Welthungerhilfe e.V.	Germany
Developing Technologies	United Kingdom
E-CHANGER	Switzerland
EcoSolidar	Switzerland
EIRENE Internationaler Christlicher Friedensdienst e.V.	Germany
Endeavor	USA
endPoverty.org	USA
Eritrea-Hilfswerk in Deutschland (EHD) e.V.	Germany
Esel-Initiative, Gemeinnütziger Verein zur Förderung allein erziehender Frauen in entlegenen Weltregionen e.V.	Germany
Ethiopian Enterprises	Switzerland
Excellent Development	United Kingdom
Fastenopfer - Action de carême Katholisches Hilfswerk Schweiz	Switzerland
Fauna & Flora International	United Kingdom
Feed the Poor	United Kingdom
Fontana Foundation	Switzerland
Food for the Hungry	USA
Förderkreis Brasilien Hilfe zur Selbsthilfe e.V.	Germany
Forest Peoples Programme	United Kingdom
Freedom from Hunger	USA
Freunde der Serengeti Schweiz	Switzerland
Freunde des Kinderzentrums ABAI - Mandirituba (Brasilien)	Switzerland
Freundeskreis Indianerhilfe e.V.	Germany
Freundeskreis Indien Hilfe zur Selbsthilfe/Interkulturelle Begegnung e.V.	Germany
Fundación Para los Indios del Ecuador	Switzerland
GardenAfrica	United Kingdom
Gleaning for the World	USA
Global Partnerships	USA
GlobalGiving	USA
GOAL USA	USA
Green Belt Movement International	United Kingdom
Grupo Colombo-Suizo de Pedagogia Especial	Switzerland
Hand in Hand International	United Kingdom
Handicap International Section Suisse	Switzerland

**Table 35: Alphabetical List of surveyed Development Aid NGOs, continued
(own Illustration)**

Organization	Country
Healthlink Worldwide	United Kingdom
HEKS - EPER Hilfswerk der evang. Kirchen der Schweiz	Switzerland
HELP International	USA
HelpAge International	United Kingdom
HELVETAS	Switzerland
Homeless International	United Kingdom
HOPE International	USA
Human Development Concern for Horn of Africa	United Kingdom
Humanitarian Action for Relief and Development Organisation	United Kingdom
Impact Teams International	USA
Intercontinental Charity Organisation	United Kingdom
INTERNATIONAL DEVELOPMENT ENTERPRISES	USA
International Foundation for Education and Self-Help	USA
International Institute of Rural Reconstruction, U.S. Office	USA
International Project Aid	Switzerland
International Tree Foundation	United Kingdom
INTERTEAM Fachleute im Entwicklungseinsatz	Switzerland
Katachel e.V.	Germany
Lebenshilfe für Afrika e.V.	Germany
Let's Build Wells, Inc.	USA
Lichtbrücke e.V.	Germany
Life for Relief and Development	USA
Lifewater International	USA
LightForce International	United Kingdom
Lutheran World Relief, Inc.	USA
Mercy Corps	USA
Micro Loan Foundation	United Kingdom
newTree - nouvelarbre	Switzerland
Nouvelle Planète	Switzerland
NETZ Partnerschaft für Entwicklung und Gerechtigkeit e.V.	Germany
Officium et Humanitas e.V.	Germany
One Earth Designs	USA
Operation Bootstrap Africa	USA
ORA International Deutschland e.V.	Germany
Outreach International	USA
Oxfam	United Kingdom
Pan y Arte Schweiz	Switzerland
PanEco - Stiftung für nachhaltige Entwicklung und interkulturellen Austausch	Switzerland
PHASE Worldwide	United Kingdom

**Table 35: Alphabetical List of surveyed Development Aid NGOs, continued
(own Illustration)**

Organization	Country
POWER International	United Kingdom
Practical Action	United Kingdom
Pragya	United Kingdom
Praxis UK	United Kingdom
PRIMA KLIMA -weltweit- e.V.	Germany
ProBrasil – Martim de Lima, Sao Paulo e.V.	Germany
Progressio	United Kingdom
Project Mercy	USA
Pro-Paraguay-Initiative e.V.	Germany
Rainbow Development in Africa	United Kingdom
Renewable Energy, Shelter & Environment Training Ltd	United Kingdom
Riders for Health	United Kingdom
Rights Action	USA
Rokpa International	Switzerland
Sahel e.V.	Germany
Schweizerisches Rotes Kreuz	Switzerland
Schweizerisches Unterstützungskomitee für Eritrea	Switzerland
Self Help Africa	United Kingdom
Send a Cow	United Kingdom
Shelter Now Germany e.V.	Germany
Skillshare International	United Kingdom
SolarAid	United Kingdom
Solidarität Dritte Welt	Switzerland
Solidaritätsdienst - international e.V. (SODI)	Germany
SolidarMed	Switzerland
Stiftung Freundeskreis Indien Hilfe zur Selbsthilfe	Switzerland
Stiftung Green Ethiopia	Switzerland
Stiftung Kinderdorf Pestalozzi	Switzerland
Stiftung Menschen für Menschen -Karlheinz Böhms Äthiopienhilfe-	Germany
Stiftung Offene Hand "Swisshand"	Switzerland
Stiftung Vivamos Mejor	Switzerland
Studiosus Foundation e.V.	Germany
SunDance	Switzerland
SUPPORT AFRICA, Verein zur Förderung von Subsahara Afrika e.V.	Germany
Sustainable Harvest International	USA
Sustainable Natural Resource Management Association UK	United Kingdom
Swissaid	Switzerland
SWISSCONTACT	Switzerland
Teach a Man to Fish	United Kingdom

**Table 35: Alphabetical List of surveyed Development Aid NGOs, continued
(own Illustration)**

Organization	Country
Tearfund	United Kingdom
TechnoServe Europe	United Kingdom
Terra Tech Förderprojekte e.V.	Germany
terre des hommes schweiz	Switzerland
Textile Recycling for Aid and International Development	United Kingdom
The Brooke	United Kingdom
The Resource Foundation	USA
Themis Development Group Ltd.	USA
Traditions pour Demain	Switzerland
Traidcraft Exchange	United Kingdom
Transfer of Appropriate Sustainable Technology	United Kingdom
TREE AID	United Kingdom
Trees for Life	USA
Trees for the Future	USA
Trickle Up	USA
Trocaire	United Kingdom
Unitus	USA
Verein Guatemala-Zentralamerika	Switzerland
Verein Papageno Murg	Switzerland
Vétérinaires Sans Frontières Schweiz	Switzerland
Village AiD	United Kingdom
Village by Village Ltd	United Kingdom
Wasserstiftung	Germany
Water 1st International	USA
Water For People	USA
Water Missions International	USA
Water.org	USA
WaterAid	United Kingdom
Watoto e.V.	Germany
Wells for India	United Kingdom
Weltnotwerk e.V.	Germany
Wings of Hope	USA
Winrock International Institute for Agricultural Development	USA
Working Villages International	USA
World Hope International	USA
World Neighbors	USA

**Table 35: Alphabetical List of surveyed Development Aid NGOs, continued
(own Illustration)**

Appendix XXIII: Survey Results for Basic Statistical Measurements

This appendix provides the basic statistical measurements for each question as well as each question group. The applicable basic statistical measurements are (for a detailed description of each measure, see paragraph 4.1.3):

- Percentages of answers
- Average value (mean)
- Interquartile Range (IQR)
- Variance
- Standard deviation
- Skewness

For the percentages of answers, all questions, except for the questions of C.1, allow an answer between 1 and 5 (or empty). The answer 1 represents ‘never’ and the answer 5 represents ‘always’. Answer 4 represents ‘mostly’. An empty answer was translated into 0. The percentages describe how many of the organizations answered the question at the respective answer option, i.e. the percentages describe the frequency of each answer option. As such frequencies listed as percentages allow easy comparison of the six answer classes (0 to 5), I omit providing a histogram for each answer. For the questions of C.1, eight possible answers apply (0 to 7). Table 36 still shows only six groups, i.e. the answers 0 to 5, and therefore the total percentage per question of question group C.1 does not necessarily add up to 100%.

Table 36 below shows the results for all five statistics for each question, as well as the average for each question group (in the starting section 0, executive summary). For each question group of section B to E, the three questions with the highest average answer value are marked in dark-blue, blue and light-blue (except for question group C.1 where a higher or lower average value does not indicate more or less project control, as the answers form combinations of time-line related as well as to project-progress related aspects). Looking at the answers with the highest average value, the respective IRQs, standard deviations as well as variances tend to show relative small values, which indicates that these questions are not only ranked high, but most of the organizations also rank them in a similar range.

0: Executive Summary

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IOR	Std. Deviation	Variance	Skewness
B.1: Project proposal: characteristics of development aid projects	2%	7%	13%	26%	30%	23%	3.47	0.36	0.36	0.13	-0.57
B.2: Project proposal: aspects of development aid projects	8%	8%	10%	22%	22%	31%	3.35	0.89	0.82	0.68	-1.68
B.3: Project proposal: measurement & decision criteria	4%	3%	3%	16%	38%	36%	3.88	0.45	0.79	0.63	-3.38
B.4: Project proposal: communication	13%	8%	8%	10%	20%	40%	3.37	1.69	1.38	1.90	-1.24
B.5: Project proposal: learning & improvement	4%	16%	29%	26%	13%	11%	2.60	1.00	0.87	0.76	-0.10
C.1: Project results: project control	9%	12%	22%	21%	18%	19%	3.10	1.16	1.06	1.11	-0.82
C.2: Project results: success factors	6%	6%	8%	17%	27%	35%	3.60	0.85	1.04	1.07	-1.61
C.3: Project results: measurement & indicators	3%	5%	11%	21%	28%	31%	3.58	0.77	0.81	0.66	-0.93
C.4: Project results: communication	4%	12%	15%	16%	14%	39%	3.41	1.09	0.98	0.96	-1.06
C.5: Project results: learning & improvement	5%	13%	28%	27%	14%	13%	2.71	0.69	0.77	0.59	-1.48
D.1: Organization: measurement & indicators	8%	16%	17%	16%	11%	32%	3.00	1.39	1.08	1.17	-1.22
D.2: Organization: communication	3%	6%	9%	21%	18%	44%	3.76	0.71	0.57	0.32	-1.08
D.3: Organization: learning & improvement	1%	11%	21%	41%	14%	14%	2.98	0.63	0.80	0.64	0.49
E.1: Fundraising: measurement & indicators	8%	13%	14%	15%	18%	33%	3.22	1.78	1.19	1.40	-0.50
E.2: Fundraising: communication	3%	12%	13%	21%	29%	22%	3.27	1.15	1.00	1.00	-1.01
E.3: Fundraising: learning & improvement	7%	10%	18%	28%	20%	17%	2.95	1.16	1.04	1.09	-1.22

A: Organizational Questions

A1: What is the budget of your organization for development aid activities in the current year?

	%		%
	% of organizations		% of organizations
below USD 200'000	8.3%	USD 5'000'001 - 10'000'000	19.4%
USD 200'000 - 500'000	22.2%	USD 10'000'001 - 20'000'000	8.3%
USD 500'001 - 1'000'000	11.1%	USD 20'000'001 - 50'000'000	8.3%
USD 1'000'001 - 2'000'000	2.8%	USD 50'000'001 - 100'000'000	8.3%
USD 2'000'001 - 5'000'000	11.1%	above USD 100'000'001	0.0%

A2: How many employees and volunteers work for your organization related to development aid?

	domestically		abroad		
	average		average		
Number of Employees	#	19.8	Number of Employees	#	100.2
Number of Volunteers	#	13.8	Number of Volunteers	#	10.3
Full-time equivalent Employees	%	1'512.6	Full-time equivalent Employees	%	7'369.0
Full-time equivalent Volunteers	%	561.0	Full-time equivalent Volunteers	%	713.3

Table 36: Basic statistical Measurements for all Answers (own Illustration)

A3: In which countries does your organization provide development aid services?	Rank 1 - 5			Rank 5 - 10	
	Rank	weighted total		Rank	weighted total
South Africa	1	77	Nepal	6	53
Kenya	2	70	Bolivia	7	50
Tanzania	3	63	Uganda	8	50
India	4	59	Mali	9	48
Nepal	5	59	Sudan	10	48

A4: How often does the development aid branch of your organization engage in the following activities?	Average
Financial support for projects	3.78
Financial support for infrastructure	2.03
Financial support for running costs	2.28
Financial support for research projects	1.53
Engage external subject matter experts (Consultants)	1.75
Engage local subject matter experts (Consultants)	2.72
Engage external project managers / foremen	1.67
Engage local project managers / foremen	2.89
Budget support for government finances	1.11

A5: In which countries is the development aid branch of your organization active with fundraising activities and how important is each of these countries?	Rank 1 - 5			Rank 5 - 10	
	Rank	weighted total		Rank	weighted total
Switzerland	1	99	Principality of Liechtenstein	6	0
United Kingdom	2	76	Netherlands	7	0
France	3	74	Norway	8	0
United States	4	62	Tanzania	9	41
Germany	5	52	Nepal	10	41

A6: How important are the following sources of funds for your organization's development aid activities?	Average
Funds from foundations and grant-making organizations	3.17
Contribution / donation from governments (or other public organizations)	2.53
Service contracts with government (or other public organizations)	1.81
Private small donations (donations up to USD 100.00)	3.31
Private major donations (donations above USD 100.00)	3.03
Donations from enterprises	2.53
Contributions / donations from church organizations	2.14
Contributions from beneficiaries / income from selling services	1.58
Selling of products to third parties	1.44

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

B: Project Proposal

B1: How often do your development aid projects typically show the following characteristics?

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		ICR	Std. Deviation	Variance	Skewness
Support of permanent establishment (schools, hospitals, etc.)	0%	28%	31%	31%	3%	8%	2.33	2.00	1.15	1.33	0.77
Repeated support for the same beneficiaries	3%	11%	25%	33%	17%	11%	2.83	2.00	1.24	1.53	-0.04
Using new technologies	6%	6%	31%	39%	14%	6%	2.67	1.00	1.13	1.28	-0.25
Technologies used are adapted to the local conditions	0%	3%	3%	17%	44%	33%	4.03	1.00	0.93	0.86	-1.15
Engage with local instead of international subject matter experts	0%	3%	6%	17%	50%	25%	3.89	0.50	0.94	0.88	-1.04
Foremen / team leaders are recruited locally	0%	3%	6%	8%	25%	58%	4.31	1.00	1.02	1.05	-1.64
Daily laborers are recruited locally	0%	11%	0%	3%	11%	75%	4.39	0.25	1.28	1.63	-2.13
Low cost of engaged daily laborers is important	8%	11%	25%	19%	22%	14%	2.78	2.00	1.47	2.17	-0.19
Engage beneficiaries in the projects	0%	6%	3%	14%	17%	61%	4.25	1.00	1.14	1.30	-1.58
Project partners are well known and previous collaboration has proved successful	0%	0%	6%	36%	31%	28%	3.81	2.00	0.91	0.82	-0.06
Project results are achieved during the project duration	0%	0%	0%	28%	61%	11%	3.83	1.00	0.60	0.36	0.09
Project results change the lives of beneficiaries manifold	3%	0%	3%	11%	56%	28%	4.00	1.00	0.97	0.94	-2.09
A significant part of the subsequent changes in the lives of beneficiaries is only achieved after the project duration	0%	8%	19%	25%	42%	6%	3.17	2.00	1.07	1.14	-0.49
Projects likewise focus on short term targets (project results) and on long term targets (change lives of beneficiaries)	0%	0%	6%	22%	25%	47%	4.14	2.00	0.95	0.90	-0.70
Achieved project results remain existent over a long period of time (there is no risk of backslide)	3%	0%	0%	44%	44%	8%	3.53	1.00	0.87	0.75	-1.57
Once the project results are achieved, the changes in the lives of beneficiaries are achieved automatically	8%	6%	17%	44%	14%	11%	2.83	1.25	1.30	1.69	-0.46
A step learning from milestone / project is a fix component of each project plan	0%	0%	6%	25%	44%	25%	3.89	1.25	0.84	0.71	-0.36
Your organization engages in projects so that new projects will benefit from their experiences and use their synergies	0%	3%	11%	25%	42%	19%	3.64	1.00	1.00	1.01	-0.57
New projects include approaches that complete or expand your organizations current spectrum of activities and services	0%	3%	14%	47%	25%	11%	3.28	1.00	0.93	0.87	0.04
Local governments are involved in the projects	3%	14%	14%	14%	36%	19%	3.25	2.00	1.42	2.02	-0.59
Projects are specifically tailored to the requests of donors	0%	22%	50%	19%	3%	6%	2.19	1.00	0.99	0.99	1.18
Successful projects are expanded / multiplied to additional beneficiaries	3%	8%	6%	44%	31%	8%	3.17	1.00	1.12	1.25	-0.84
The success of projects is dependent on external factors (i.e. assumptions, conditions, limiting factors, and presupposition)	0%	6%	11%	39%	25%	19%	3.42	1.00	1.09	1.19	-0.25

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

B2: How often are the following aspects applicable for or implemented as part of your development aid projects?

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Engaged subject matter experts must be educated / trained for their work	6%	6%	22%	14%	17%	36%	3.39	3.00	1.55	2.40	-0.55
Engaged foremen / team leaders must be educated / trained for their work	6%	6%	19%	19%	14%	36%	3.39	3.00	1.53	2.35	-0.55
Engaged daily laborers must be educated / trained for their work	3%	17%	14%	42%	17%	8%	2.78	1.25	1.23	1.51	-0.21
After its termination, the project is handed over to the beneficiaries for operation and daily running	3%	11%	8%	6%	36%	36%	3.69	2.00	1.45	2.10	-1.09
Beneficiaries are being prepared for the later operation of the project (education/training, contractual coverage, financing, etc.)	6%	6%	8%	14%	19%	47%	3.78	2.00	1.51	2.28	-1.17
Neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success	8%	8%	22%	42%	14%	6%	2.61	1.00	1.23	1.52	-0.41
After its termination, the project must be financially self-supporting	3%	0%	14%	36%	33%	14%	3.39	1.00	1.06	1.13	-0.71
Projects lead to income opportunities for local people	3%	0%	14%	39%	31%	14%	3.36	1.00	1.06	1.12	-0.65
Projects are based on assured experiences (analysis, studies, etc.) how results change the lives of beneficiaries	6%	0%	14%	36%	33%	11%	3.25	1.00	1.16	1.35	-0.96
Projects encompass additional measures to minimize external factors (i.e. assuring to meet the long term objectives)	3%	3%	6%	36%	33%	19%	3.53	1.00	1.12	1.25	-0.95
Projects are aligned with other activities of beneficiaries (e.g. with other projects of government or organizations)	6%	3%	3%	17%	50%	22%	3.69	1.00	1.24	1.55	-1.64
Landscape is preserved in its originality	11%	8%	6%	14%	31%	31%	3.36	2.25	1.67	2.79	-0.91
Projects use natural resources gently	6%	6%	0%	8%	22%	58%	4.11	1.00	1.43	2.04	-1.87
Projects protect natural resources from exploitation	8%	8%	3%	11%	11%	58%	3.83	2.00	1.69	2.86	-1.27
Projects support preservation of biodiversity	8%	11%	11%	14%	8%	47%	3.44	3.00	1.76	3.08	-0.69
Projects support regeneration of natural resources	6%	11%	11%	17%	8%	47%	3.53	3.00	1.66	2.75	-0.72
Projects strive for and support CO ₂ -neutrality	14%	14%	14%	14%	17%	28%	2.89	4.00	1.79	3.21	-0.28
Projects strive for and support water-neutrality	19%	14%	8%	11%	17%	31%	2.83	4.00	1.94	3.75	-0.28
Projects use energy from renewable sources or support renewable energy	8%	14%	25%	33%	6%	14%	2.56	1.00	1.40	1.97	0.10
Projects support climate protection	14%	19%	8%	19%	17%	22%	2.72	3.00	1.76	3.09	-0.16
Projects allow all members of a community to participate	8%	3%	3%	17%	36%	33%	3.69	2.00	1.45	2.10	-1.43
Projects integrate marginalized groups of the community	8%	0%	6%	25%	22%	39%	3.69	2.00	1.45	2.10	-1.26
Projects balance social forces (i.e. underprivileged do benefit as well)	6%	3%	0%	22%	28%	42%	3.89	2.00	1.33	1.77	-1.57
Projects respect the cultural heritage of the project areas / region	6%	3%	0%	19%	22%	50%	4.00	2.00	1.35	1.83	-1.68
Projects ensure that children can go to school regularly	17%	14%	11%	17%	14%	28%	2.81	4.00	1.84	3.38	-0.23
Projects ensure that the children's capacity for learning is increased	14%	17%	8%	19%	14%	28%	2.86	4.00	1.80	3.23	-0.26

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

B3: How often do the criteria below apply for the decision to approve a project proposal and start the project?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Project objectives match the organizations objectives	3%	6%	0%	0%	17%	75%	4.47	0.25	1.21	1.47	-2.76
Project promises good performance ratios (number of beneficiaries, cost per beneficiary, result per beneficiary, etc.)	6%	6%	8%	19%	39%	22%	3.47	1.00	1.36	1.86	-1.07
Sufficient financial resources are available	3%	3%	3%	19%	28%	44%	4.00	2.00	1.20	1.44	-1.50
Time plan for project implementation is realistic	3%	0%	3%	22%	50%	22%	3.83	1.00	0.99	0.97	-1.64
Organization internal standards are complied with (e.g. quality, etc.)	6%	3%	6%	11%	44%	31%	3.78	1.25	1.31	1.73	-1.56
Required knowledge and resources are available internally	6%	3%	3%	33%	36%	19%	3.50	1.00	1.24	1.53	-1.24
Access to required external knowledge and resources is assured	8%	6%	6%	19%	28%	33%	3.53	2.00	1.54	2.36	-1.06
Learning from similar project is largely included	6%	3%	0%	17%	42%	33%	3.86	1.25	1.27	1.62	-1.75
Beneficiaries are engaged in planning and implementation	3%	6%	6%	6%	28%	53%	4.08	1.00	1.32	1.74	-1.67
High probability that project results will be achieved	3%	3%	0%	11%	61%	22%	3.92	0.00	1.01	1.02	-2.19
High probability that changes in the lives of beneficiaries will be achieved	3%	0%	0%	14%	47%	36%	4.11	1.00	0.97	0.93	-2.17
B4: How often does your organization typically communicate project proposal information to what stakeholders at what detail?											
	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Feedback to proposal requester regarding final decision (Go/No-Go)	8%	6%	3%	0%	11%	72%	4.17	1.00	1.62	2.64	-1.86
Detailed feedback to proposal requester regarding critical aspects of proposal	8%	6%	6%	6%	19%	56%	3.89	1.25	1.63	2.65	-1.42
Suggestions to proposal requester for additional improvements	14%	6%	11%	14%	14%	42%	3.33	3.00	1.81	3.28	-0.73
Provide assessment of project opportunities and risks to proposal requester	19%	8%	14%	3%	31%	25%	2.92	3.25	1.88	3.52	-0.45
Feedback to future project manager regarding special expectations, core aspects, or opportunities and risks	14%	14%	8%	14%	19%	31%	3.03	4.00	1.82	3.30	-0.45
Detailed background information regarding the project to project members	14%	14%	14%	6%	33%	19%	2.89	3.00	1.74	3.04	-0.41
Information to management board (e.g. focus of proposals, reasons for rejection, ratio approved/rejected proposals, etc.)	17%	6%	3%	11%	22%	42%	3.42	2.25	1.86	3.47	-0.94
Information to employees/volunteers: number, content, etc. of proposals	14%	3%	11%	22%	17%	33%	3.25	3.00	1.71	2.91	-0.73
Information to donors: number, content, etc. of proposals	11%	11%	6%	17%	17%	39%	3.33	3.00	1.76	3.11	-0.73

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)








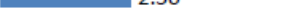

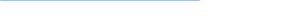







B5: How often does your organization use the following measures to improve project preparation and proposals?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		ICR	Std. Deviation	Variance	Skewness
Rework and re-submission of rejected project proposals	6%	17%	14%	33%	22%	8%	2.75	2.00	1.34	1.80	-0.31
Adjust templates and formularies for project description / proposals	6%	14%	36%	22%	11%	11%	2.53	1.00	1.32	1.75	0.28
Adjust approach and methodology for project descriptions / proposals	6%	19%	36%	14%	14%	11%	2.44	1.50	1.38	1.91	0.38
Adapt criteria used to decide upon project proposals	3%	11%	44%	25%	0%	17%	2.58	1.00	1.28	1.63	0.68
Define new decision criteria for new / novel projects	3%	22%	28%	25%	11%	11%	2.53	1.25	1.32	1.75	0.35
Internal education / training or capacity building initiative (e.g. to increase the quality of project preparation)	6%	14%	17%	31%	22%	11%	2.83	2.00	1.36	1.86	-0.30
Exchange with other organization to professionalize project preparation and project proposals	3%	17%	31%	31%	11%	8%	2.56	1.00	1.21	1.47	0.26

C: Project Results

C1: What project controls does your organization typically require at what point in time from development aid projects?

C1: What project controls does your organization typically require at what point in time from development aid projects?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	monthly / shorter (2)	quarterly (3)	bi-annually (4)	annually (5)		ICR	Std. Deviation	Variance	Skewness
Status reports (description of project status)	3%	0%	19%	36%	25%	17%	3.31	1.00	1.13	1.27	-0.40
Financial information, comparison of plan and actual / deviations	3%	8%	31%	31%	17%	11%	2.83	2.00	1.21	1.47	0.04
Ratios (number of beneficiaries, etc.)	8%	8%	11%	11%	11%	39%	3.78	3.00	1.96	3.84	-0.44
Performance measurement system (e.g. Balanced Scorecard)	14%	42%	11%	8%	11%	8%	2.08	2.25	1.77	3.13	0.84
Project progress (time wise) and duration / time to completion	8%	6%	19%	22%	25%	11%	3.19	2.00	1.66	2.77	-0.02
Degree of achievement	6%	8%	19%	19%	17%	22%	3.39	3.00	1.75	3.07	0.05
List of open points and actual challenges	6%	8%	28%	19%	19%	14%	3.06	2.00	1.60	2.55	0.25
Estimation of required capacity for project completion	11%	14%	17%	19%	19%	11%	2.89	2.25	1.76	3.10	0.02
Survey project manager regarding project activities	11%	8%	36%	19%	11%	14%	2.53	1.25	1.46	2.14	0.11
Survey beneficiaries regarding benefits	11%	6%	14%	8%	14%	25%	3.86	3.00	2.18	4.73	-0.32

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

C2: How often do the following factors support the success of your projects (i.e. they can be understood as key success factors)?	Percentage of Answers						Average	Key statistics				
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness	
Detailed understanding of situation / sufficient problem analysis	3%	3%	11%	11%	22%	50%		3.97	2.00	1.32	1.75	-1.30
Define project objectives and purpose collaboratively with beneficiaries	3%	0%	3%	14%	28%	53%		4.22	1.00	1.08	1.17	-1.98
Detailed project planning	6%	6%	6%	8%	31%	44%		3.86	1.25	1.46	2.12	-1.44
Adequate project management	6%	3%	6%	8%	33%	44%		3.94	1.00	1.37	1.89	-1.64
Project design (mix of activities, services, beneficiaries, etc.)	3%	6%	3%	17%	28%	44%		3.94	2.00	1.29	1.66	-1.43
Deployed technologies	11%	11%	6%	33%	17%	22%		3.00	2.00	1.60	2.56	-0.51
Project team and collaboration within the team	6%	3%	0%	11%	36%	44%		4.03	1.00	1.30	1.69	-1.95
Engage adequate international subject matter experts	6%	17%	36%	19%	8%	14%		2.50	1.00	1.38	1.92	0.39
Engage adequate local subject matter experts	6%	3%	6%	17%	31%	39%		3.81	2.00	1.37	1.88	-1.39
Engage adequate local team leaders / foremen	8%	3%	3%	14%	28%	44%		3.83	2.00	1.50	2.25	-1.51
Engage adequate local daily laborers	6%	11%	6%	14%	25%	39%		3.58	2.00	1.57	2.47	-0.97
Sufficient financial resources	6%	8%	6%	8%	36%	36%		3.69	2.00	1.49	2.21	-1.24
Time management	8%	11%	8%	19%	33%	19%		3.17	2.00	1.54	2.36	-0.72
Project performance measurement	6%	3%	6%	25%	28%	33%		3.67	2.00	1.35	1.83	-1.18
Quality management	11%	3%	11%	25%	25%	25%		3.25	1.50	1.55	2.41	-0.81
Learning from earlier phases being implemented in subsequent phases	6%	0%	3%	28%	33%	31%		3.75	2.00	1.23	1.52	-1.44
Good governmental conditions in developing countries (e.g. no corruption)	6%	17%	22%	17%	25%	14%		2.81	2.00	1.47	2.16	-0.14















C3: How often does your organization use the following indicators to assess the success of projects?	Percentage of Answers						Average	Key statistics				
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness	
Adhere to time plan and how delays are dealt with	3%	6%	17%	19%	33%	22%		3.42	1.25	1.30	1.69	-0.68
Adhere to quality and how deviations are dealt with	3%	6%	3%	25%	39%	25%		3.67	1.25	1.20	1.44	-1.21
Adhere to financial conditions	3%	6%	3%	11%	33%	44%		4.00	1.00	1.27	1.61	-1.62
Adhere to internal standards (Best Practices, social standards, etc.)	3%	8%	6%	25%	25%	33%		3.61	2.00	1.36	1.85	-0.90
Adhere to external standards (Social Audit, etc.)	3%	14%	19%	17%	31%	17%		3.08	2.00	1.40	1.97	-0.34
Deviation from original project plan (number, extend, etc.)	3%	3%	22%	33%	14%	25%		3.28	2.25	1.28	1.65	-0.22
Deviation from latest / actual project plan	6%	6%	22%	19%	19%	28%		3.25	3.00	1.48	2.19	-0.45
Availability of sufficient resources (know-how, labor, etc.)	8%	6%	17%	17%	22%	31%		3.31	3.00	1.58	2.49	-0.67
Achievement of short term project results	3%	3%	3%	25%	33%	33%		3.83	2.00	1.17	1.36	-1.30
Positive indicators regarding achievement of long term project results	3%	3%	3%	14%	36%	42%		4.03	1.00	1.17	1.36	-1.70
Achievement of long term project results	3%	3%	6%	19%	28%	42%		3.92	2.00	1.23	1.52	-1.32
Satisfaction of project team members	3%	3%	22%	28%	33%	11%		3.19	2.00	1.15	1.32	-0.52
Satisfaction of beneficiaries	3%	0%	0%	17%	33%	47%		4.19	1.00	1.02	1.05	-2.04
Satisfaction of donors	3%	11%	14%	25%	17%	31%		3.33	3.00	1.45	2.11	-0.45

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

C4: How often does your organization typically provide which project information to what stakeholders?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Project budget to project team	3%	0%	8%	11%	19%	58%	4.19	1.00	1.20	1.43	-1.71
Project budget to beneficiaries	6%	22%	28%	17%	17%	11%	2.50	3.00	1.42	2.03	0.24
Project budget to all internal employees/volunteers	3%	11%	22%	17%	17%	31%	3.25	3.00	1.50	2.24	-0.29
Project budget to donors	3%	0%	6%	19%	8%	64%	4.22	2.00	1.20	1.45	-1.65
Project status to project teams	6%	3%	0%	11%	17%	64%	4.22	1.00	1.36	1.84	-2.10
Project status to beneficiaries	6%	8%	17%	14%	22%	33%	3.39	3.00	1.55	2.40	-0.65
Project status to all internal employees/volunteers	3%	17%	14%	17%	11%	39%	3.33	3.00	1.62	2.61	-0.41
Project status to donors	6%	0%	11%	19%	14%	50%	3.86	2.00	1.42	2.01	-1.21
Summary of all current projects to all project teams	6%	19%	19%	17%	14%	25%	2.89	2.50	1.61	2.60	-0.06
Summary of all current projects to all beneficiaries	6%	39%	33%	14%	0%	8%	1.89	1.00	1.22	1.49	1.18
Summary of all current projects to all internal employees/volunteers	3%	11%	17%	22%	17%	31%	3.31	3.00	1.47	2.16	-0.40
Summary of all current projects to donors	3%	19%	28%	19%	6%	25%	2.81	2.25	1.52	2.32	0.25
Final report to project team	8%	6%	0%	6%	17%	64%	4.08	1.00	1.59	2.52	-1.79
Final report to beneficiaries	6%	14%	11%	22%	19%	28%	3.19	3.00	1.56	2.43	-0.48
Final report to all internal employees/volunteers	3%	17%	14%	17%	17%	33%	3.28	3.00	1.57	2.48	-0.39
Final report to donors	3%	6%	8%	17%	3%	64%	4.03	2.00	1.44	2.08	-1.27

C5: How often does your organization apply the following measures for project amendments?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Collect systematic feedback from project team, partners and beneficiaries	0%	6%	6%	22%	36%	31%	3.81	2.00	1.10	1.21	-0.90
Clarify expectations of project team, partners and beneficiaries	6%	6%	8%	22%	25%	33%	3.56	2.00	1.44	2.08	-0.96
Clarify duties of project team, partners and beneficiaries	6%	6%	8%	19%	19%	42%	3.67	2.00	1.49	2.22	-1.02
Adjust next project steps	6%	6%	0%	28%	22%	39%	3.72	2.00	1.41	1.98	-1.23
Equip project with additional resources	6%	6%	42%	39%	6%	3%	2.42	1.00	0.98	0.97	-0.22
Adapt project (objectives, technologies, methodologies, partner, beneficiaries)	8%	3%	11%	56%	19%	3%	2.83	0.00	1.12	1.25	-1.15
Higher attention for critical projects (more frequent reports, establish Task Force, on-site visits of board members, etc.)	3%	6%	19%	28%	28%	17%	3.22	2.00	1.25	1.56	-0.44
Cancel project	3%	25%	67%	6%	0%	0%	1.75	1.00	0.60	0.35	-0.67
Adjust reports for project reporting and control	6%	19%	33%	31%	6%	6%	2.28	1.25	1.17	1.37	0.29
Adjust methodology for project reporting and control	6%	17%	42%	25%	8%	3%	2.22	1.00	1.08	1.17	0.22
Define new project reporting and control for novel projects	8%	17%	22%	31%	14%	8%	2.50	1.25	1.36	1.86	-0.03
Education/training regarding project management	6%	11%	33%	28%	17%	6%	2.56	1.00	1.21	1.47	-0.04
Adjust services spectrum of organization	3%	14%	44%	31%	6%	3%	2.31	1.00	0.97	0.93	0.29
Adapt Codes of Conduct	6%	22%	58%	6%	8%	0%	1.89	1.00	0.91	0.82	0.46
Collaboration with other organizations to increase project management	3%	19%	22%	39%	11%	6%	2.53	1.00	1.17	1.36	0.04
Collaboration with donors to increase project management	6%	28%	31%	28%	6%	3%	2.08	2.00	1.11	1.24	0.33

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

D: Organization

D1: How often do you use the following approaches and indicators to assess your organizational results?

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		ICR	Std. Deviation	Variance	Skewness
Financial budget	6%	6%	6%	6%	8%	69%	4.14	1.00	1.53	2.34	-1.70
Financial accounting (income statement, balance sheet, cash flow statement)	6%	3%	6%	3%	11%	72%	4.28	1.00	1.43	2.03	-2.08
Plan-Actual-Comparison (deviation of budget and accounting)	11%	3%	8%	3%	11%	64%	3.92	1.25	1.74	3.02	-1.42
Total administrative costs (abroad and domestic)	8%	3%	6%	0%	11%	72%	4.19	1.00	1.58	2.49	-1.93
Total personnel and personnel-related costs (abroad and domestic)	8%	3%	8%	0%	11%	69%	4.11	1.00	1.61	2.60	-1.73
Total expenses for rejected projects proposals	8%	42%	28%	6%	3%	14%	1.94	1.00	1.47	2.16	1.08
Total expenses for review, evaluation and learning	8%	14%	19%	14%	25%	19%	2.92	2.00	1.59	2.52	-0.29
Cash Flow-analysis	8%	14%	3%	8%	8%	58%	3.69	2.25	1.81	3.27	-1.02
Financial ratios (liquidity, profitability, security, financing)	6%	14%	8%	11%	8%	53%	3.61	3.00	1.72	2.96	-0.83
Operational ratios (number of beneficiaries, cost per beneficiary, etc.)	14%	19%	11%	25%	17%	14%	2.53	3.00	1.62	2.64	-0.07
Ratio system (Balanced Scorecard, Dashboard, KPIs, Cockpit, etc.)	11%	25%	17%	19%	8%	19%	2.47	3.00	1.66	2.75	0.22
Project portfolio (number of projects, average project duration, etc.)	11%	19%	11%	19%	11%	28%	2.83	4.00	1.76	3.08	-0.15
Status of current projects (number of projects in what phase, percentage of completion, required resources until completion)	6%	14%	19%	17%	17%	28%	3.08	3.00	1.59	2.52	-0.27
Analysis of project deviations (average delay, additional cost, reasons for deviations, applied counter measures, etc.)	6%	11%	22%	19%	11%	31%	3.11	3.00	1.58	2.49	-0.24
Quality analysis of services and projects (e.g. TQM, EFQM, etc.)	8%	36%	25%	17%	11%	3%	1.94	2.00	1.25	1.55	0.56
Bottleneck analysis	8%	36%	39%	17%	0%	0%	1.64	1.00	0.85	0.73	-0.04
Strategy analysis (e.g. SWOT, portfolio analysis, ABC-analysis, etc.)	8%	19%	19%	25%	17%	11%	2.56	3.00	1.46	2.14	0.00
Stakeholder analysis	8%	14%	33%	19%	8%	17%	2.56	1.25	1.48	2.19	0.24
Analysis of learning culture (permute experiences, openness for novelty, etc.)	8%	28%	17%	31%	11%	6%	2.25	2.00	1.34	1.80	0.17
Organizational analysis (qualification of personnel, quality of IT, etc.)	11%	19%	31%	22%	8%	8%	2.22	2.00	1.38	1.90	0.31
Analysis of actual risks and threats for the organization	8%	6%	25%	8%	8%	44%	3.36	3.00	1.72	2.95	-0.52
Revise organizational objectives	6%	14%	31%	22%	6%	22%	2.75	2.00	1.50	2.24	0.19
Revise relevance of offered services and projects	6%	14%	25%	25%	3%	28%	2.89	3.00	1.56	2.43	0.06
External audits (in addition to financial audits)	6%	17%	17%	11%	8%	42%	3.25	3.00	1.74	3.02	-0.37
Analysis of responsibilities / Accountability	11%	25%	14%	19%	8%	22%	2.56	3.00	1.71	2.91	0.15
Impact analysis	8%	11%	8%	28%	17%	28%	3.17	3.00	1.59	2.53	-0.55
Sustainability measurement	8%	11%	11%	33%	19%	17%	2.94	2.00	1.47	2.16	-0.45

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

D2: How often are the following information about the organization typically provided to stakeholders?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
All stakeholder have access to the annual report	0%	0%	0%	0%	3%	97%	4.97	0.00	0.16	0.03	-6.00
All stakeholder have access to the detailed financial report	0%	6%	6%	8%	14%	67%	4.31	1.00	1.17	1.38	-1.71
You host frequent information events (road shows) for stakeholders	0%	14%	25%	22%	6%	33%	3.19	3.00	1.47	2.16	0.03
Upon request, detailed information is provided to stakeholders (if necessary including internal information / documents)	3%	0%	8%	14%	14%	61%	4.19	1.25	1.22	1.49	-1.64
Detailed internal information / documents are only available to stakeholder as part of a close collaboration	8%	25%	8%	17%	22%	19%	2.78	3.00	1.67	2.78	-0.15
How the expenses change the lives of beneficiaries is obviously and easy to understand for stakeholders	6%	0%	6%	39%	31%	19%	3.47	1.00	1.19	1.42	-1.12
Stakeholder understand the specific challenges and external conditions of your organizations development aid projects	3%	0%	8%	44%	36%	8%	3.36	1.00	0.95	0.90	-1.01

D3: How often do you implement the following measures to increase the results of your organization?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Critical review of requirements for project responsibility	0%	8%	19%	39%	19%	14%	3.11	2.00	1.12	1.27	0.02
Critical review of decision criteria for project proposals	0%	8%	17%	47%	17%	11%	3.06	1.25	1.05	1.11	0.03
Critical review of formularies and templates for project reporting and control	3%	17%	11%	50%	8%	11%	2.78	1.00	1.23	1.51	-0.12
Critical review of project management	0%	8%	14%	47%	14%	17%	3.17	1.00	1.12	1.25	0.03
Critical review of project mix (how many projects with what objectives)	3%	17%	11%	39%	19%	11%	2.89	2.00	1.29	1.65	-0.27
Critical review of offered services and projects	0%	17%	22%	42%	14%	6%	2.69	1.00	1.08	1.16	0.10
Critical review of areas of activities (partners, regions, countries, etc.)	0%	11%	22%	42%	8%	17%	2.97	1.25	1.19	1.42	0.26
Adjust organizational objectives	0%	14%	50%	22%	6%	8%	2.44	1.00	1.07	1.14	1.01
Critical review of fundraising approaches and methodologies	0%	0%	14%	39%	22%	25%	3.58	1.25	1.01	1.02	0.10
Critical review of supporting processes (personnel, IT, administration, etc.)	0%	6%	25%	42%	11%	17%	3.08	2.00	1.11	1.24	0.33

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

E. Fundraising

E1: How often do you use the following approaches and indicators to assess your fundraising and its success?

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Income from each fundraising activity (mailing, collection, campaign, etc.)	6%	3%	11%	11%	19%	50%	3.86	2.00	1.47	2.18	-1.27
Cost for each fundraising activity (mailing, collection, campaign, etc.)	6%	6%	14%	8%	22%	44%	3.69	2.25	1.54	2.38	-1.02
Donor ratios (number of donors, average donation amount, etc.)	6%	6%	11%	17%	25%	36%	3.58	2.00	1.48	2.19	-0.95
Grouping of donors (e.g. grant-making organizations, top-donors, etc.)	6%	11%	11%	11%	19%	42%	3.53	3.00	1.62	2.64	-0.80
Income per donor / group of donor	6%	8%	6%	22%	17%	42%	3.61	2.00	1.53	2.35	-0.94
Ratios per donor / group of donor (e.g. marketing expenses per dollar income from top-donors)	11%	14%	14%	25%	11%	25%	2.86	2.50	1.67	2.79	-0.22
Classification of donors / group of donors (e.g. ABC-analysis)	8%	19%	19%	14%	17%	22%	2.78	3.00	1.65	2.73	-0.05
Analysis of donor / group of donor development (e.g. growth of legates, participation of top-donors at special events, etc.)	11%	11%	19%	14%	19%	25%	2.94	2.25	1.68	2.83	-0.31
Targets regarding the development of donor / group of donor (e.g. growth)	6%	11%	19%	17%	22%	25%	3.14	2.25	1.53	2.34	-0.39
Deviation analysis for donor development (actual versus targets)	14%	19%	14%	11%	14%	28%	2.75	4.00	1.83	3.35	-0.09
Percentage of committed donations	3%	11%	8%	19%	14%	44%	3.64	2.00	1.51	2.29	-0.81
Ratios for committed donations (proportion of commitment, proportion per group of donor, etc.)	8%	17%	17%	14%	17%	28%	2.97	3.25	1.69	2.86	-0.24
Analysis of development of committed donations	6%	17%	14%	14%	17%	33%	3.19	3.00	1.66	2.77	-0.40
Targets regarding development of committed donations	8%	17%	19%	11%	14%	31%	2.97	3.25	1.72	2.97	-0.19
Deviation analysis for committed changes (actual versus targets)	11%	19%	14%	11%	22%	22%	2.81	3.00	1.73	2.99	-0.19

E2: How often does your organization apply the following aspects regarding communication with donors?

	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IQR	Std. Deviation	Variance	Skewness
Approaching of donors differs by donor group (i.e. it is group specific)	6%	6%	14%	17%	19%	39%	3.56	2.25	1.52	2.30	-0.83
Approaching of donors differs by the nature of donation (e.g. target country)	6%	11%	6%	17%	31%	31%	3.47	2.00	1.52	2.30	-0.91
Donors are specifically informed, how the project contributes to a sustainable increase for beneficiaries	6%	11%	3%	14%	33%	33%	3.58	2.00	1.52	2.30	-1.09
Your organization strives to engage important donors emotionally in the organizations work and projects	6%	11%	8%	22%	36%	17%	3.22	1.25	1.42	2.01	-0.78
Donors request a specific project reporting	0%	11%	19%	19%	25%	25%	3.33	2.25	1.33	1.78	-0.29
The specific donor reporting is extensive and requires significant resources	3%	11%	8%	19%	39%	19%	3.39	1.00	1.34	1.79	-0.84
Donors that require a specific reporting also request additional information on an ad-hoc basis	0%	17%	25%	28%	25%	6%	2.78	2.00	1.16	1.34	0.01
Frequent meetings with top-donors apply	0%	19%	17%	33%	25%	6%	2.81	2.00	1.17	1.38	-0.14

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

E3: How often do you implement the following measures to increase fundraising and fundraising results?	Percentage of Answers						Average	Key statistics			
	no answer ()	never (1)	seldom (2)	often (3)	mostly (4)	always (5)		IOR	Std. Deviation	Variance	Skewness
Feedback of donors is incorporated in future project preparations	8%	17%	28%	14%	17%	17%	2.64	2.25	1.55	2.40	0.08
Suggestions of donors are incorporated in project management	6%	22%	31%	19%	17%	6%	2.36	2.00	1.29	1.68	0.24
Requirements of donors are incorporated in project reporting and assessment	6%	11%	19%	22%	25%	17%	3.00	2.00	1.43	2.06	-0.35
Adjust general information being provided to donors	8%	8%	17%	44%	17%	6%	2.69	1.00	1.24	1.55	-0.56
Critical review of fundraising content and messages	8%	3%	8%	33%	22%	25%	3.33	1.25	1.43	2.06	-0.86
Critical review of individual fundraising activities	6%	3%	6%	36%	19%	31%	3.53	2.00	1.34	1.80	-0.92
Critical review of future collaboration with donors / group of donor	6%	6%	17%	31%	22%	19%	3.17	2.00	1.36	1.86	-0.52
Critical review of future products and services	6%	14%	17%	28%	22%	14%	2.89	2.00	1.41	1.99	-0.29

Table 36: Basic statistical Measurements for all Answers, continued (own Illustration)

The following paragraphs look at selected topics of table 36. The first such analysis topic is the level of volunteer involvement. On average, 19.8 employees and 13.8 volunteers work for the NGOs at the domestic locations (see Appendix XXIII, question group A.2). While 41.1% of the staff is volunteers, the importance of their effective contribution is somewhat less as volunteers account only for 27.1% of FTE (1,512.5 employed FTE and 561.2 volunteer FTE). Comparing the number of staff with FTE suggests that employees as well as volunteers tend to work part time, on average: employees contribute 76.4%, Volunteers 40.0% of their time. For staff working abroad, the organizations also engage volunteers, however the structure is different. While 9.3% of the number of staff is volunteers, they account for 8.8% of FTE. Both, volunteers and employees work part time, on average 69.2% and 73.5% respectively. Therefore, for the abroad operations, NGOs engage fewer volunteers but on average they contribute more of their time than they do for the domestic operation. And NGOs do also employ people abroad on a part time basis, even more than for the domestic operation.

After analyzing volunteer engagement, the next topic is engagement in learning, to which question groups B.5, C.5, D.3 and D.3 relate. The respective average values (see table 36, section executive summary) are 2.60, 2.71, 2.98 and 2.95, which are rather low and represent the only average values of below 3 out of all question groups in the executive summary. While the overall learning seems limited, the results regarding specific learning activities show a different picture. For instance, questions 17, 18 and 19⁹⁰⁸ of question group

⁹⁰⁸ The three questions are: 17: a step learning from milestone/project is a fix component of each project plan; 18: your organization engages in projects so that new projects will benefit from their experiences and use their synergies; and

B.1 relate to learning being part of the project approach, and the respective average value is 3.60. Looking specifically at the question “having a step learning from milestones” as part of their project plan (see question 17 of question group B.1), more than two third (69%) of the organizations do ‘always’ or ‘mostly’ have such a step. The results for engaging in project and approaches that strategically enriches and enlarges their portfolio (see questions 18 and 19 of question group B.1) are a little less significant but still with high average value and high percentages in the ‘always’ and ‘mostly’ answer range. Similar high rankings are achieved for question 8 of question group B.3 (to approve a project proposal, learning form similar project has to be largely included) with an average value of 3.86 and three quarters (75%) of the organizations answering that they apply this measure ‘always’ or ‘mostly’. Regarding question 9 and 10⁹⁰⁹ of question group C.1 the results are less homogeneous, but they still indicate that surveying project managers is oftentimes of high importance (55% or the organizations conduct such surveys at least quarterly). Question 16 of question group C.2, learning from earlier project phases being implemented in subsequent phases, is also highly important (average value of 3.75 and 64% of the organizations following this approach ‘always’ or ‘mostly’). In addition to this immediate learning, the following three questions can be interpreted as related to long-term or double-loop learning (see appendix XIX): whether or not projects are terminated (question number 8 of question group C.5), whether or not organizational objectives are adjusted (question number 8 of question group D.3), and to a certain extend also whether neighbors of beneficiaries can autonomously and independently start a similar project and therewith copy/multiply the success (question number 6 of question group B.2). These three questions rank relatively low and the questionnaire does not reveal any further insight whether learning is not necessary or double-loop learning is weakly applied by the organizations. In summary, it is fair to conclude that development aid NGOs do try to imbed learning in certain of their activities, but learning as a dedicated managerial activity seems to enjoy relatively little focus.

Question group C.1 provides some background on project control. While questions number 9 and 10 relate to learning (see above), questions one to four relate to reporting, and questions five to eight relate to re-planning and forecasting. Looking at the average value, re-planning and forecasting seems to be slightly more important than reporting (out of potentially 400%, 164% of re-planning being monthly or quarterly in comparison to 158% of reporting, and 244% of re-planning being monthly, quarterly or bi-annually compared to 222% of reporting). However, the variability of reporting is significantly lower than for re-

19: new projects include approaches that complete or expand your organizations current spectrum of activities and services.

⁹⁰⁹ The two questions are: 8: Survey project manager regarding project activities; and 9: Survey beneficiaries regarding benefits.

planning (i.e. different development aid NGOs approach re-planning very differently). Another interesting finding is that 42% of the development aid NGOs never use a performance measurement system, they rather build their reporting on financial information, status reports and ratios.

This paragraph now compares project success factors (question group C.2) with project level communication (question group C.4) which are expected to mirror one another (what is important needs to be communicated). Defining project objectives and purposes collaboratively with beneficiaries is the most important project success factor (question number 2 of question group C.2, ranking first with an average value of 4.22). The respective project communication questions (question number 5 and 6 in question group C.4) rank somewhat lower, but still relatively high. The key success factor of having sufficient financial resources, which is related to providing project status information to donor, ranks 10th while providing project budget information to donors is the project information with the highest average value. This might indicate an imbalance of information being provided to donors and the respective importance for project success (i.e. a lot of financial information is provided to donors but it only contributes little to the project success). Alternatively, one might understand this difference as indicator that sufficient financial resources is a prerequisite to engage in a project, but not a factor that leads the project to success (i.e. more financial resources do not automatically lead to more success in the project). This second understanding is supported by the fact that having sufficient financial resources ranks number 4 as measurement to decide on a project proposal, as well as the low average values for the questions ‘suggestions of donors being incorporated in project management’, ‘projects being specifically tailored to the requests of donors’, and ‘donors that require a specific reporting also require additional information on an ad-hoc basis’ (i.e. B.3 – 3, E.3 – 2, B.1 – 21 and E.2 – 7).

The results for sustainability are relatively mixed. Different questions of question group B.2 serve as indicators for the three pillars of sustainability (see paragraph 2.1.1): questions five to eleven are proxies for economic sustainability, questions twelve to twenty are proxies for environmental sustainability, and questions twenty-one to twenty-six are proxies for social sustainability. While the average values for economic sustainability are at a medium to high level (3.25 to 3.78, except for question six with an average value of 2.61) and showing a relatively small variability⁹¹⁰, the picture regarding environmental and social sustainability is less homogeneous. The questions with the highest overall average value within this

⁹¹⁰ All questions regarding economic sustainability have an IQR of below 1 (except question 5 having 1.24) and a standard deviation of between 1.06 and 1.24 (except question 5 having 1.51).

question group (question 13) is an indicator for environmental sustainability and the respective second and third highest values are indicators for social sustainability. However, the three specific questions regarding environmental sustainability (CO₂ neutrality, water neutrality, and renewable energy), together with the question regarding climate protection (i.e. question 17 to 20), rank low (2.56 to 2.89). And the five relatively general questions regarding environmental sustainability (question number 12 to 16, with e.g. number 14, protecting natural resources from exploitation) again achieve high average values (3.36 to 4.11, with similar variability). Similarly, four relatively general questions regarding social sustainability (question number 21 to 24) rank relatively high (3.69 to 4.00) with medium variability (IQR 0.99 to 1.15, standard deviation 1.33 to 1.45), but the two specific questions regarding children's school attendance and learning capacity (question number 25 and 26) rank significantly lower (2.81 and 2.86) with higher variability (IQR 1.56 and 1.62, standard deviation 1.80 and 1.84). These differences between general questions and specific questions regarding environmental and social sustainability are significant (however, organizations may argue that the specific questions used in the survey are not applicable to them and to their work). This heterogeneity regarding the specifics of sustainability mirrors the findings of a survey conducted with Swiss NPOs regarding impact assessment⁹¹¹, leading to the provocative finding that there is a lot of good intentions for environmental and social sustainability, but there are few common best practices.

⁹¹¹ In March 2009 the Swiss foundation ZEWÖ published a survey on impact measurement of charitable organizations. This survey concludes that influencing factors exist that support or inhibit impact measurement (ZEWÖ 2009, p. 35), and that the assumed importance of impact measurement does have minimal influence onto the organizations behavior (especially fundraising), i.e. even an organization supports the idea of impact measurements at a general level, implementing specific undertakings is difficult (ZEWÖ 2009, p. 31).

Appendix XXIV: Survey Results for Dendrogram Analyses

This appendix provides the results of the dendrogram analyses. The relevant theory is provided in paragraph 4.1.3.9 and in paragraph 4.3.1.3.1 regarding considerations respective to the survey data. The assessment consists of five two-dimensional dendrogram analyses. While one dimension is identical for all five dendrograms, the extended organizational groups (see paragraph 4.2.1.4), the second dimension is different for each of the five dendrograms: project approaches, sustainability, project control, project success factors, and Sustainability Measurement Framework elements (see paragraph 4.1.4). Below, figure 23 to figure 27 present the graphical output from the R software application for these five dendrogram analyses, including the levelplot that the respective two dendrogram analyses span.

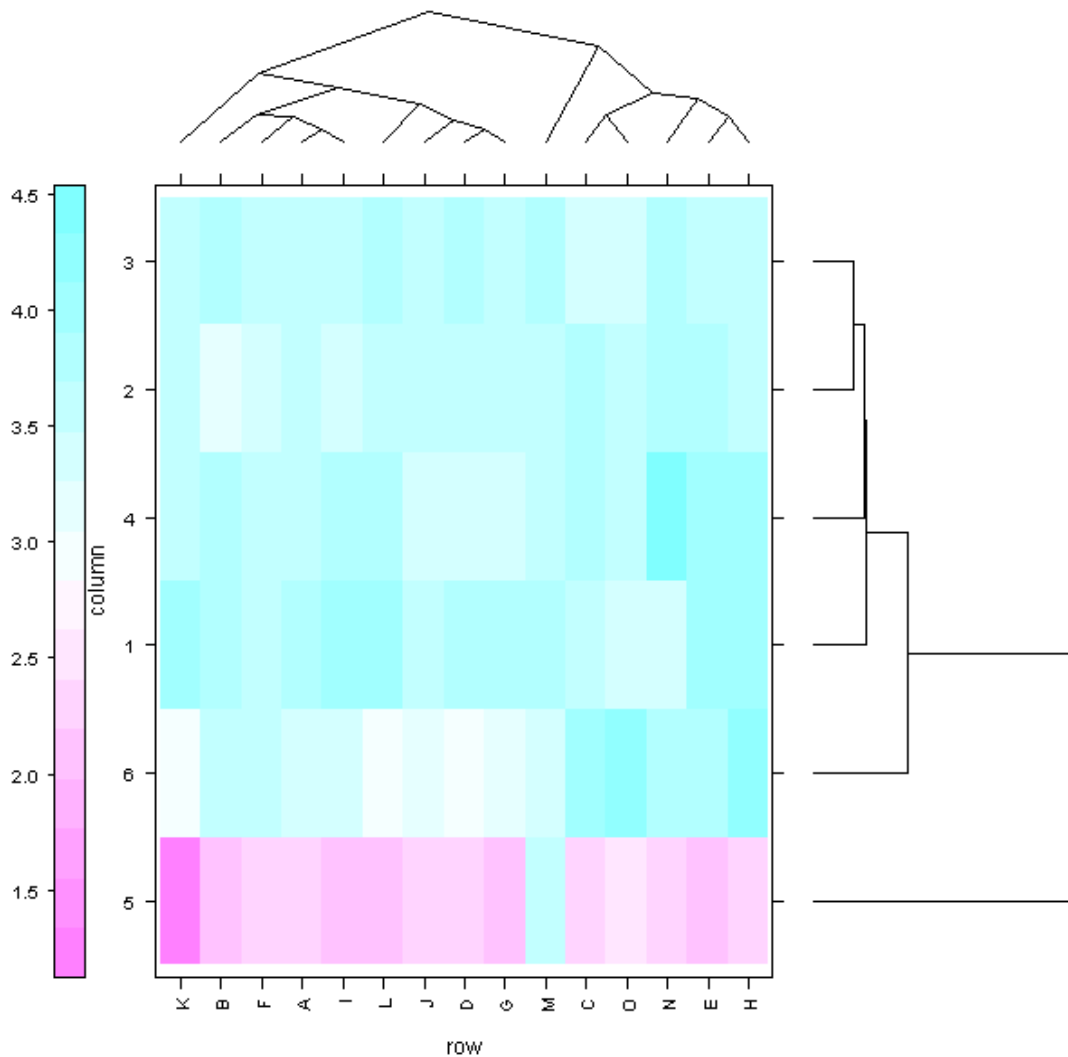


Figure 23: Project Approaches and Organizational Groups Dendrograms with Levelplot (own Illustration)

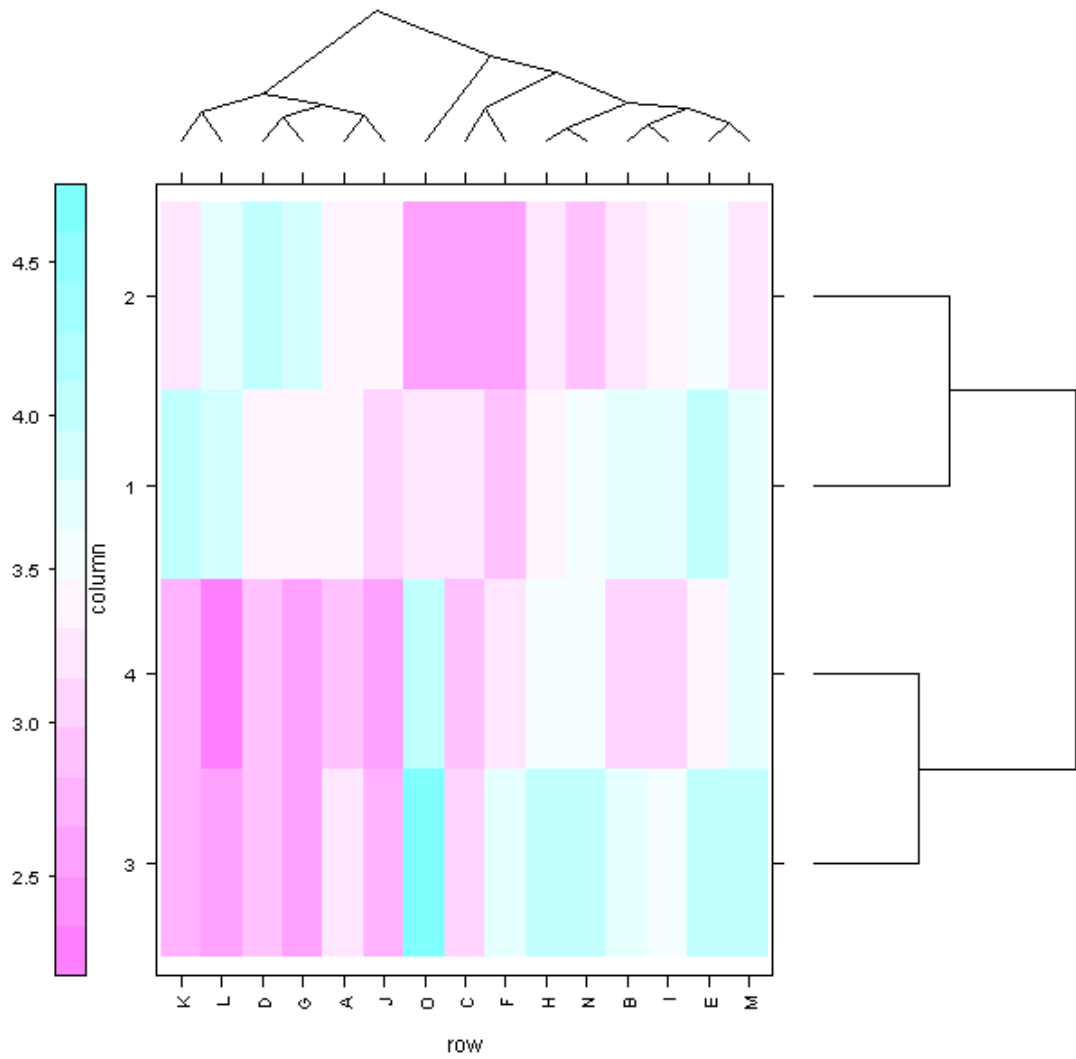


Figure 24: Sustainability and Organizational Groups Dendrograms with Levelplot (own Illustration)

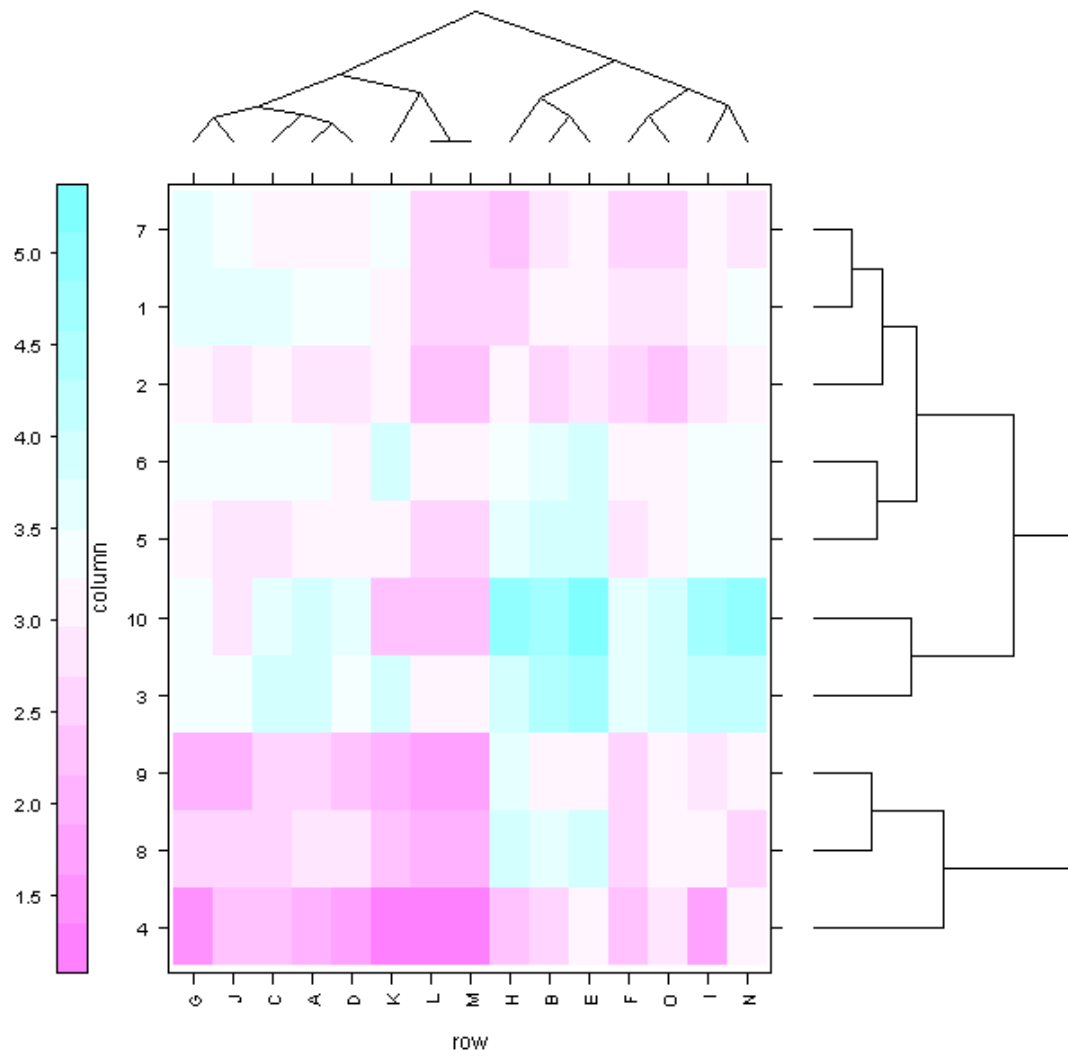


Figure 25: Project Control and Organizational Groups Dendrograms with Levelplot (own Illustration)

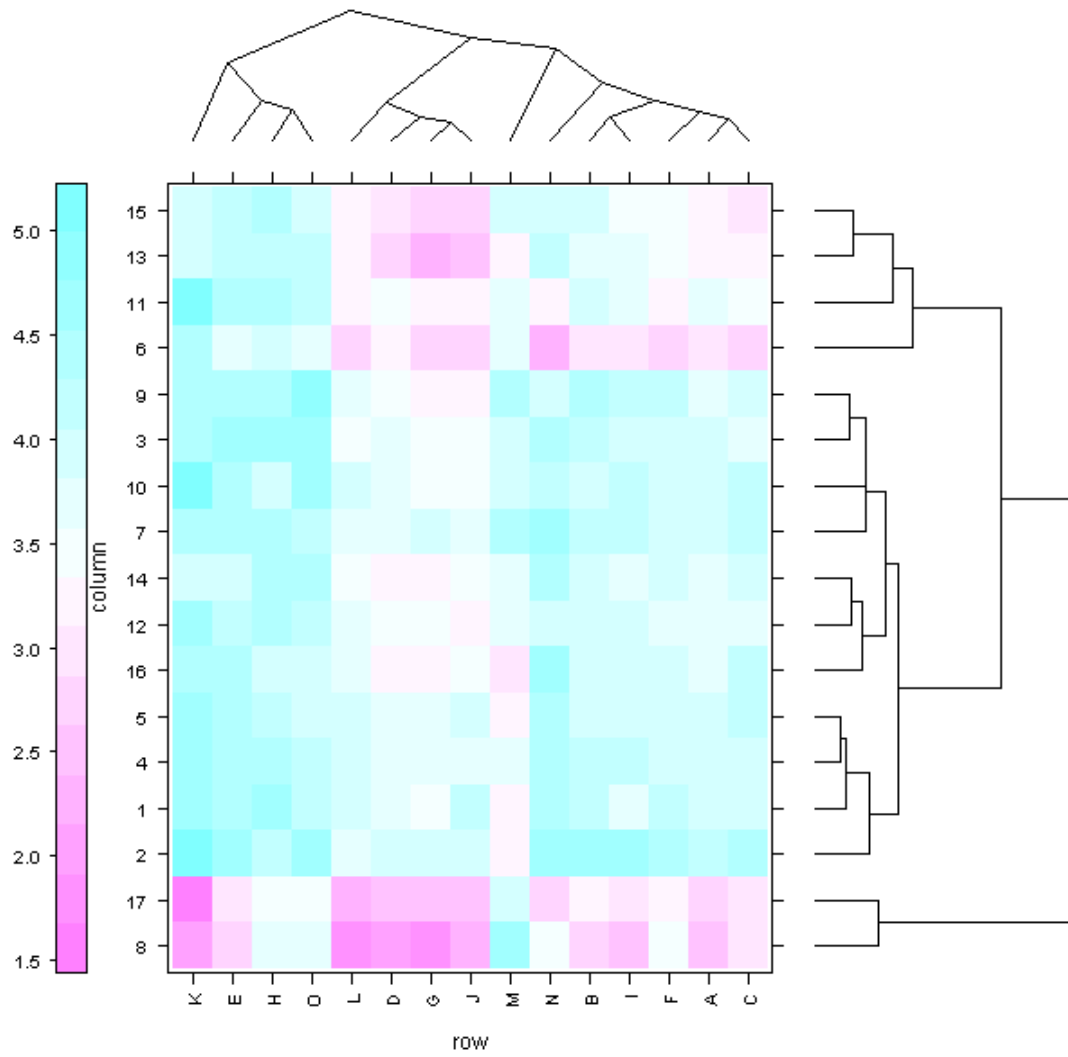
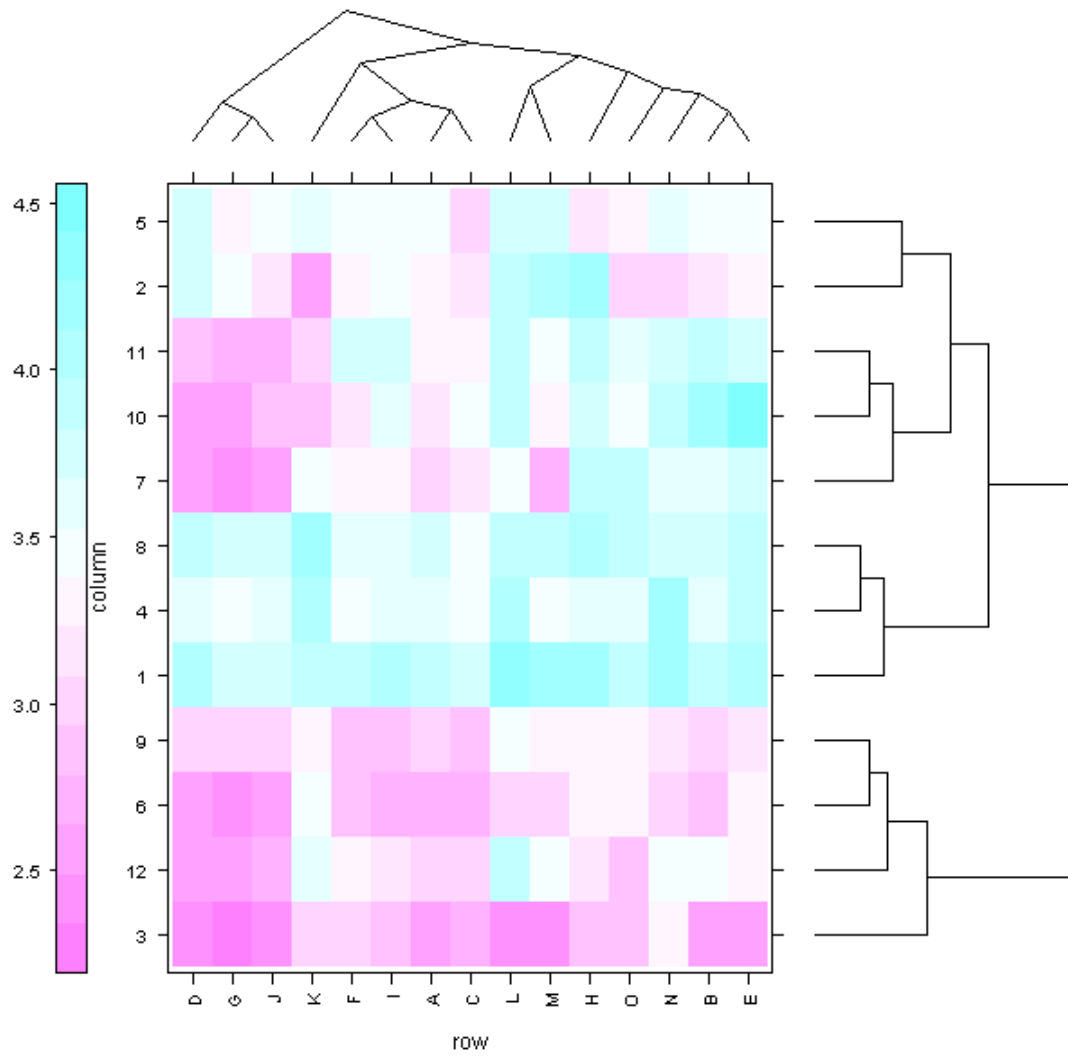


Figure 26: Project Success Factors and Organizational Groups Dendrograms with Levelplot (own Illustration)



**Figure 27: Sustainability Measurement Framework and Organizational Groups
Dendrograms with Levelplot (own Illustration)**

Appendix XXV: Survey Results for Biplot Analyses

This appendix provides the results of the biplot analyses. The relevant theory is provided in paragraph 4.1.3.10 and in paragraph 4.3.1.4.1 regarding considerations respective to the survey data. The assessment consists of five two-dimensional biplot analyses. While one dimension remains for all five biplot, the extended organizational groups (see paragraph 4.2.1.4), the second dimension is different for each of the five biplot: project approaches, sustainability, project control, project success factors, and Sustainability Measurement Framework (see paragraph 4.1.4).

As biplots use two-dimensional datasets, the analyses map the organizational groups as defined in paragraph 4.2.1.4 to the five categories as defined in paragraph 4.1.4. Each analysis results in a figure consisting of four graphs: a two-dimensional biplot, the axis predictivities, the points predictivities, and a three-dimensional biplot. The R software application allows rotating the three-dimensional biplot graph. The optical perspective for the graph has been chosen such that the three-dimensional graph is best understandable being printed two-dimensionally on paper. Therefore, the direction of the three dimensions is slightly different for each three-dimensional graph (see dimension labels in the respective graphs in figure 28 to figure 32).

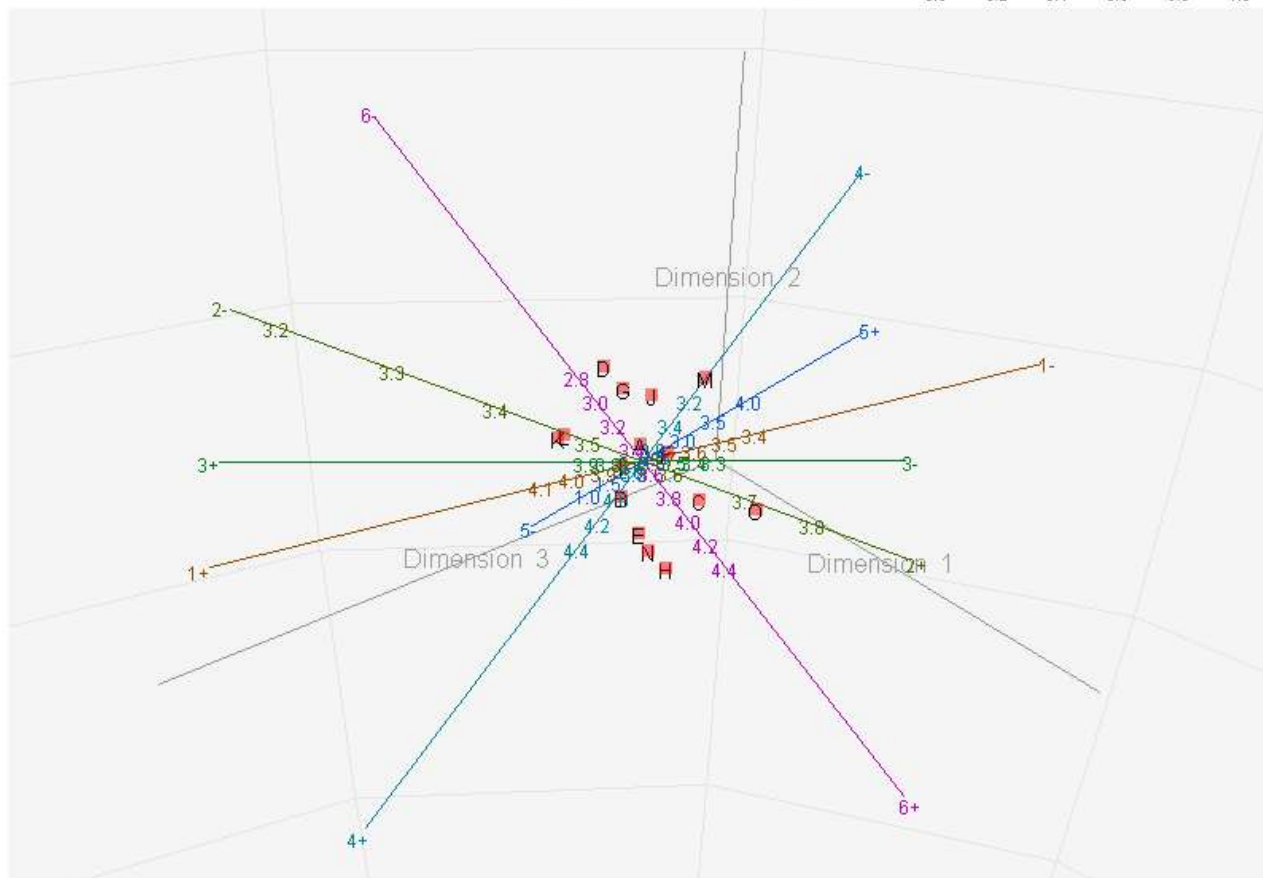
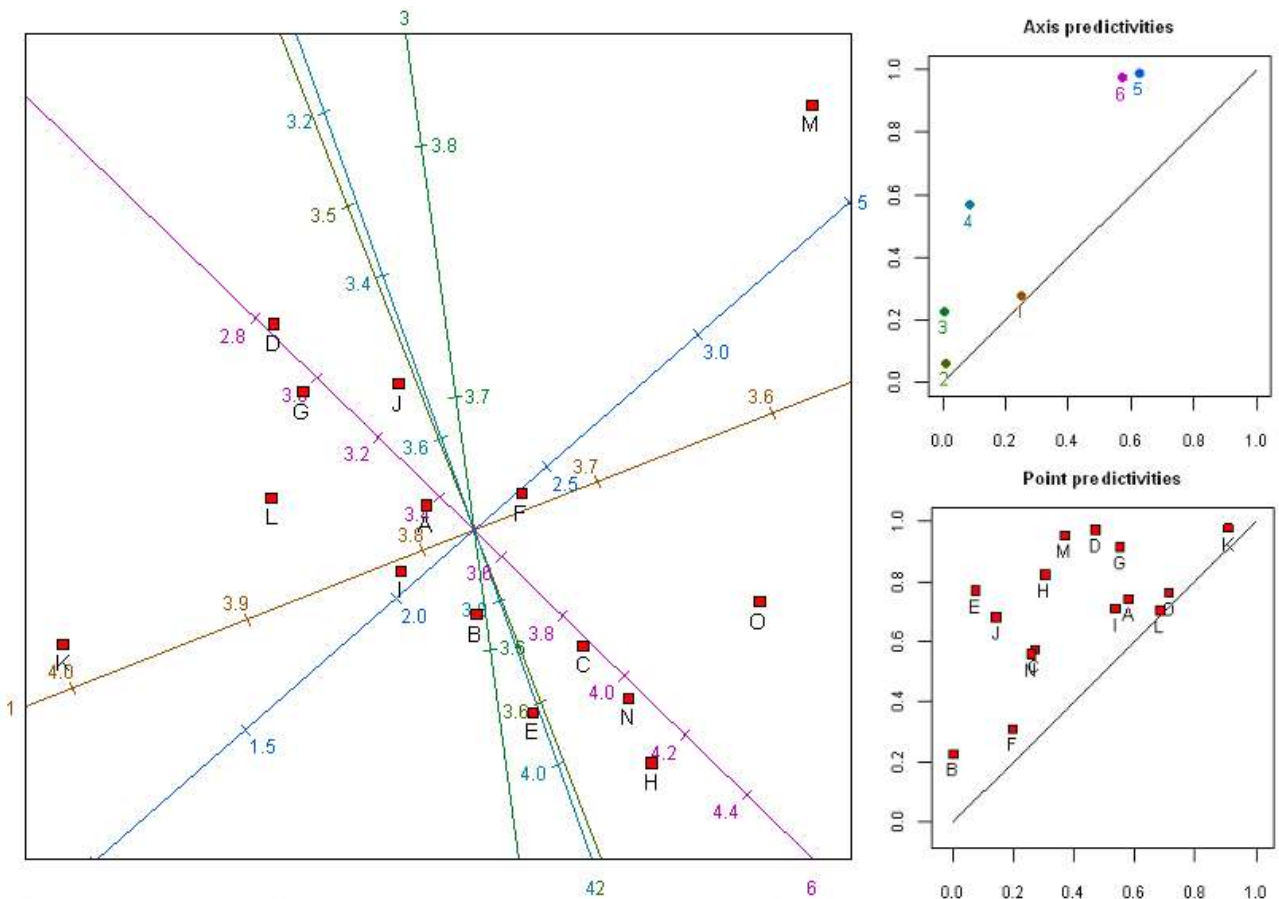


Figure 28: Project Approaches and Organizational Group Biplot with Predictivities (own Illustration)

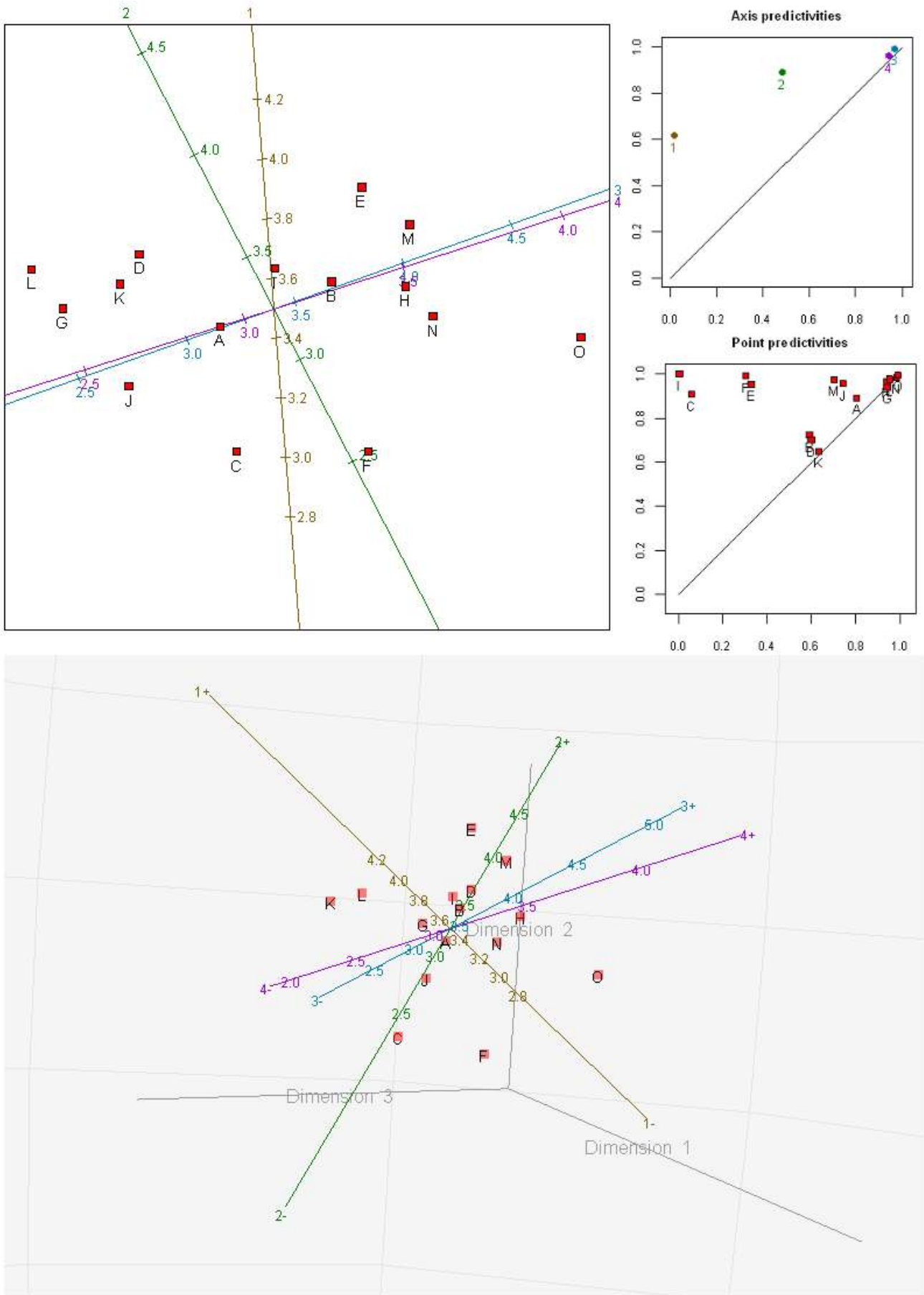


Figure 29: Sustainability and Organizational Group Biplot with Predictivities (own Illustration)

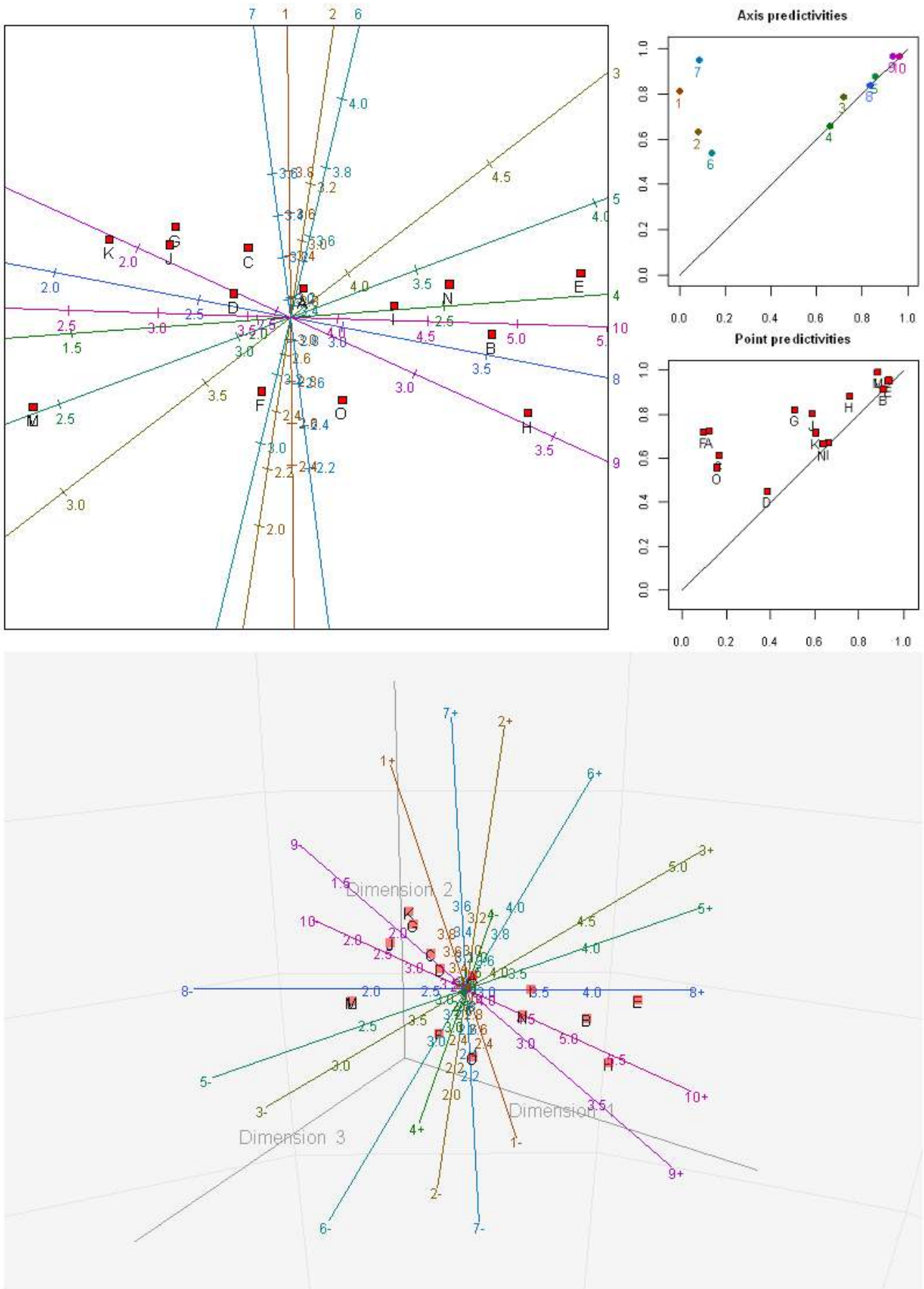


Figure 30: Project Control and Organizational Group Biplot with Predictivities (own Illustration)

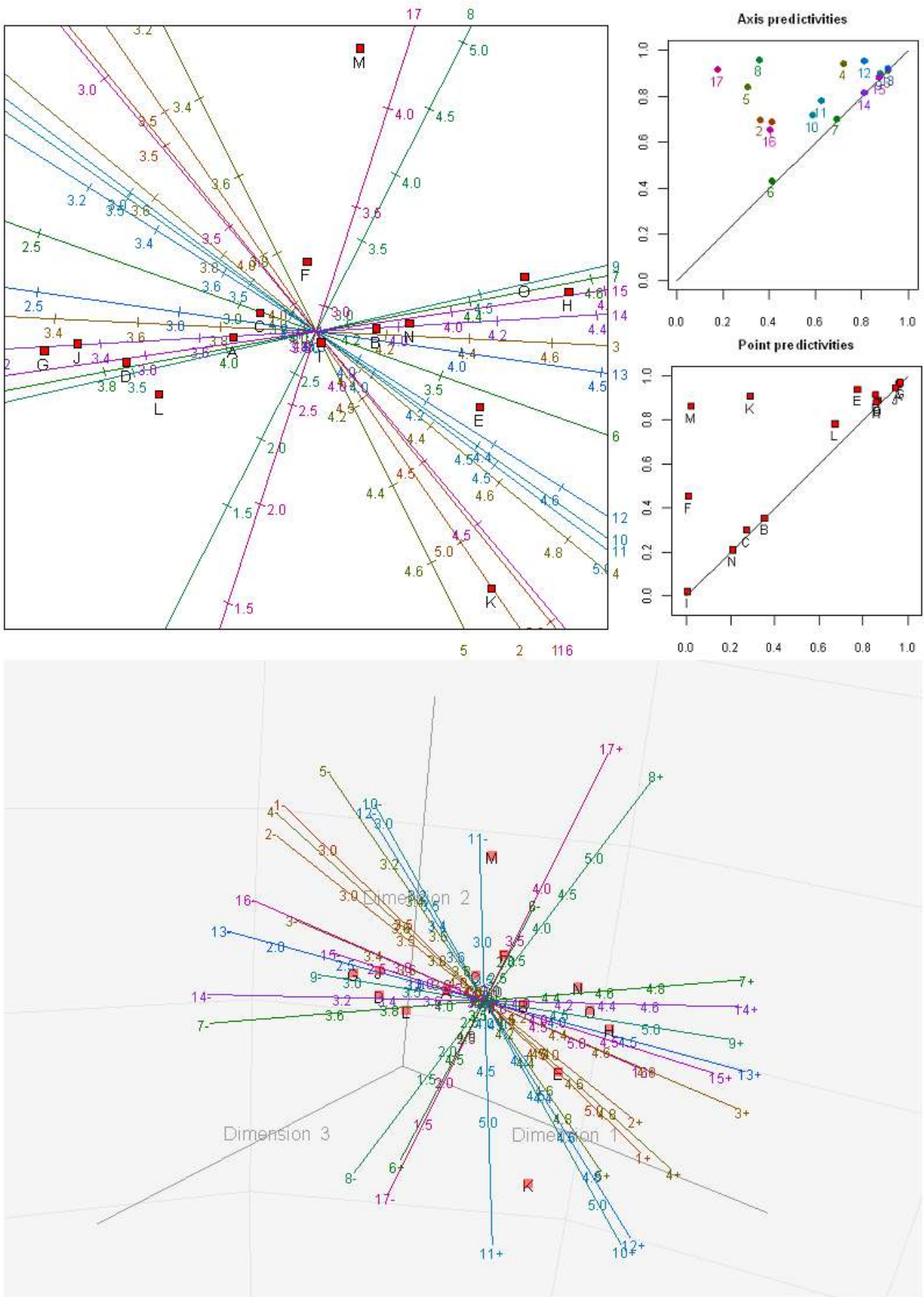


Figure 31: Project Success Factors and Organizational Group Biplot with Predictivities (own Illustration)

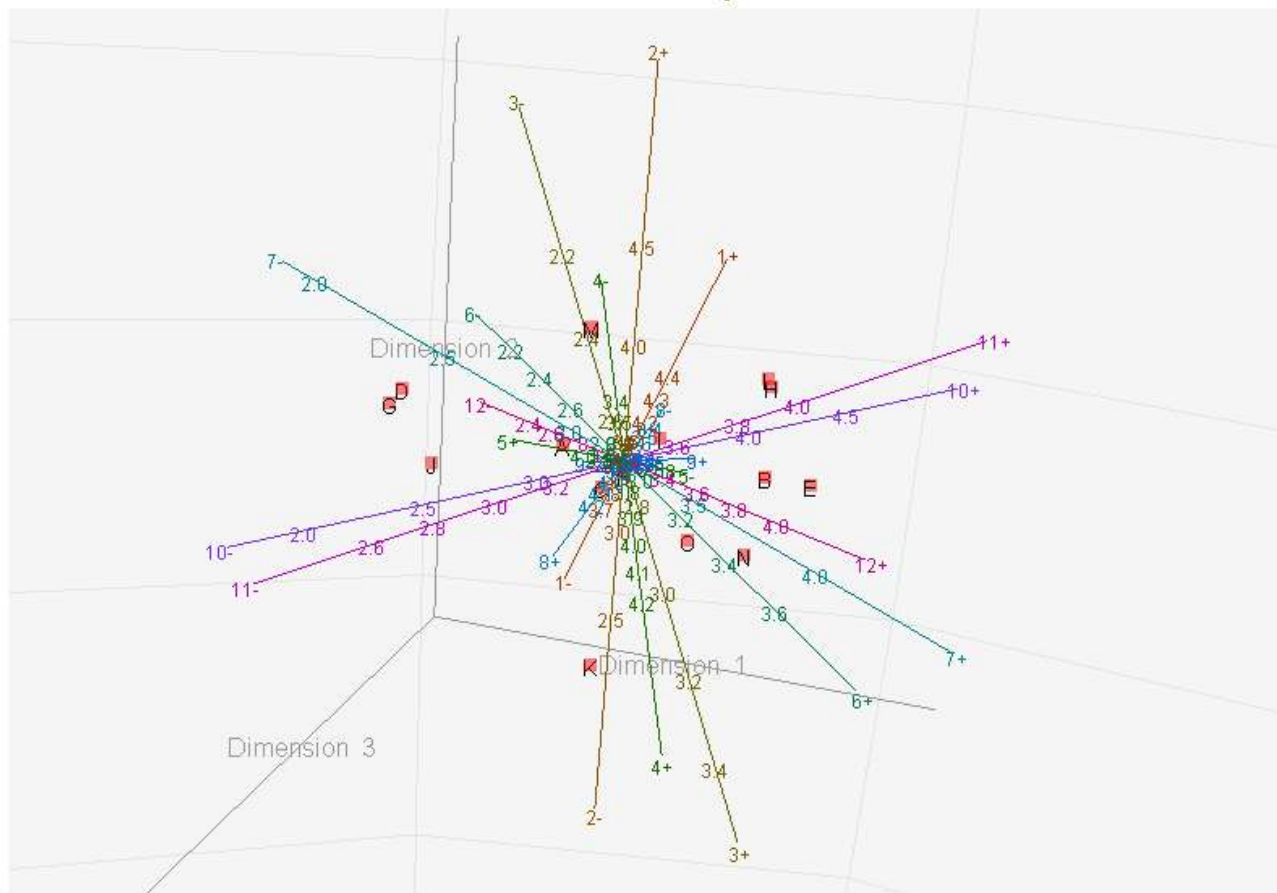
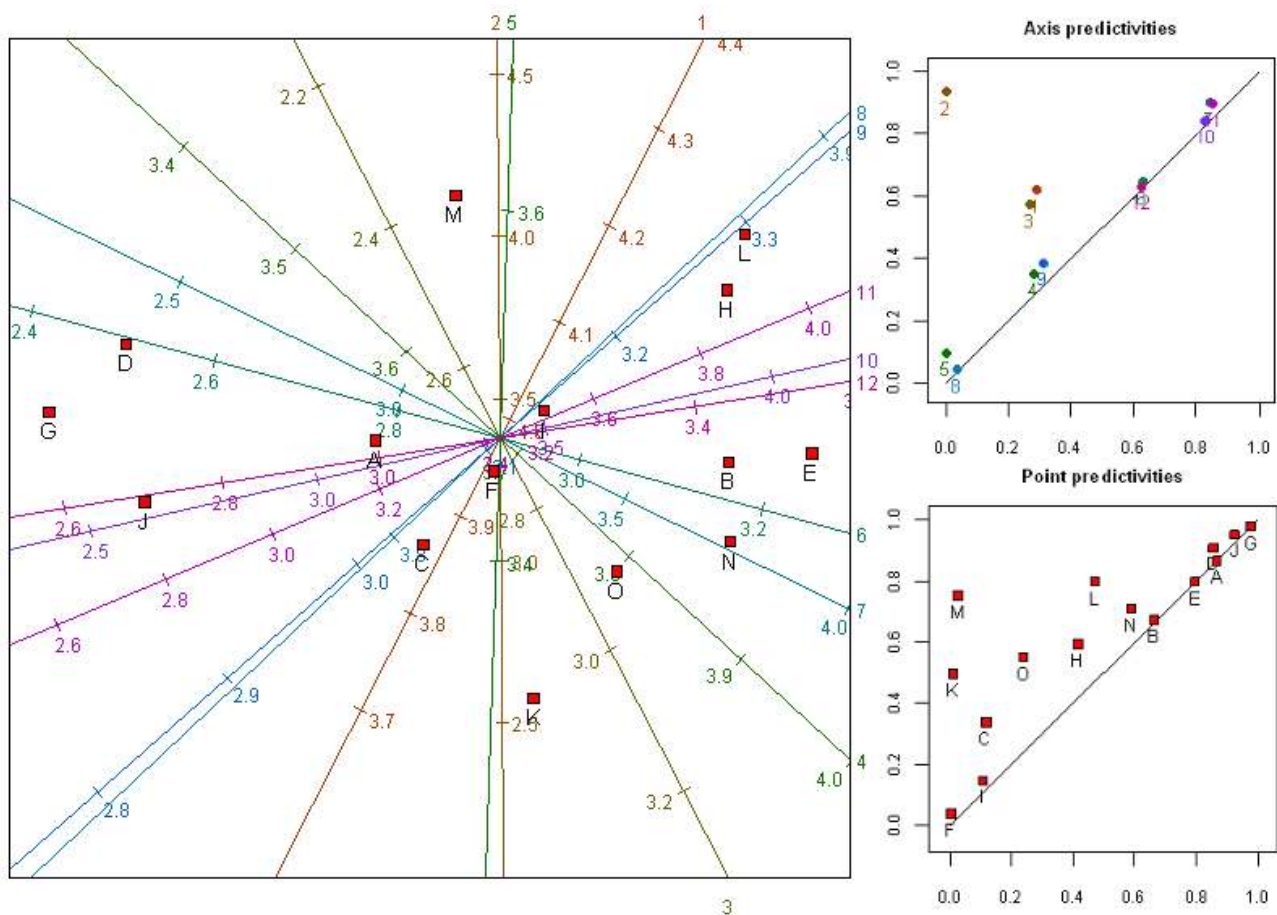


Figure 32: Sustainability Measurement Framework and Organizational Group Biplot with Predictivities (own Illustration)

Appendix XXVI: Performance Measurement Models for NPOs

This appendix provides an overview of different models that literature suggests for performance measurement of NPOs. For further details on the models, please refer to the respective authors. The models are grouped into: (1) analysis of external factors; (2) strategic analysis of effectiveness, accountability and transparency; (3) monitoring and evaluation.

1 Models for analysis of External Factors

Models	Author
Capacity Analysis	Venture Philanthropy Partners ⁹¹²
Environmental Scanning	Courtney
Context diagram	Andler ⁹¹³
Force Field Analysis	Courtney
Issues Impact Analysis Grid	Courtney
Organizational Mapping	Courtney
PIMS-Program (Profit Impact of Market Strategy)	Buzzell/Gale ⁹¹⁴
PEST analysis (Political, Economic, Social, Technological)	Courtney
Product-Lifecycle-Analysis	Siegwart/Senti ⁹¹⁵
Scenario Analysis	Courtney
SWOT – Opportunity-Threats-Analysis	Courtney
Task Review	Jung ⁹¹⁶

Table 37: Models for Analysis of External Factors (own Illustration)

⁹¹² Venture Philanthropy Partners 2001, p. 19

⁹¹³ Andler N. 2008, pp. 57f

⁹¹⁴ Buzzell R./Gale B. 1987, pp. 27f

⁹¹⁵ Siegwart H./Senti R. 1995, pp. 4ff

⁹¹⁶ Jung H. 2007, p. 423

2 Models for the strategic analysis of effectiveness, accountability and transparency

Models	Author
3-level concept and NPO Effectiveness Assessment Matrix	Siebart ⁹¹⁷
Cost-Benefit Analysis	Pearce/Markandya ⁹¹⁸
Evaluation	Courtney ⁹¹⁹
Gap Analysis	Courtney
Investor in People Audit	Courtney
Learning Curve	Teplitz ⁹²⁰
Log Frame (Logical Framework)	Jackson ⁹²¹
Logic Model (W.K. Kellogg Foundation)	W.K. Kellogg Foundation ⁹²²
Mandate-Analysis	Courtney
Minnesota Principles of Nonprofit Excellence	Courtney
Moral Concept Profile	Buerkli ⁹²³ and Graf/Spengler ⁹²⁴
PPBS (Planning-Programming-Budgeting System)	McKinney ⁹²⁵
PQASSO (Practical Quality Assurance System for Small Organizations)	Courtney
Social Audit	Courtney
Stakeholder-Analysis	Courtney
Strategic Mission Statement	Renz ⁹²⁶
Strategic Budgeting	Ishikawa ⁹²⁷
SWOT – Strengths-Weaknesses-Analysis	Courtney
Theory of Change	ActKnowledge ⁹²⁸
Voluntary Sector Code of Practice	Courtney

Table 38: Models for Strategic Analysis of Effectiveness, Accountability and Transparency (own Illustration)

⁹¹⁷ Siebart P. 2006, pp. 93ff

⁹¹⁸ Pearce D./Markandya A. 1989, pp. 17f

⁹¹⁹ Courtney R. 2002, pp. 150 - 178

⁹²⁰ Teplitz Ch. 1991, p. 7

⁹²¹ Jackson B. 1997

⁹²² W.K. Kellogg Foundation 2004

⁹²³ Buerkli Ch. 2007, p. 17

⁹²⁴ Graf P./Spengler M. 2004, p. 68

⁹²⁵ McKinney J. 2004, pp. 387ff

⁹²⁶ Renz P. 2007, p. 61

⁹²⁷ Ishikawa A. 1985, pp. 55ff

⁹²⁸ ActKnowledge 2009

3 Models for Monitoring and Evaluation

Models	Author
AIMES (Annual Impact Monitoring and Evaluation System) of ChildFund	Henderson D., Chase B., Woodson B. ⁹²⁹
American Institute for Philanthropy Charity Rating Guide	Courtney
Balanced Scorecard	Courtney
Benchmarking	Letts et al. ⁹³⁰
Canadian Comprehensive Auditing Foundation's framework for Performance Reporting	Courtney
Competing-Values Model of Effectiveness Criteria	Courtney
Control Group and Comparison Group Analysis	Ragin ⁹³¹
Drucker Foundation Self Improvement Tool	Courtney
EFQM Excellence Model (European Foundation for Quality Management)	Courtney
G3 Reporting Framework of the Global Reporting Initiative (GRI)	Global Reporting Initiative ⁹³²
ISO 9000 (and other 9-Standards)	Courtney
Kushner Model for Non-Profit Effectiveness	Courtney
Organizational Capacity Assessment Tool of the Marguerite Casey Foundation	Marguerite Casey Foundation ⁹³³
Program Assessment Rating Tool (PART)	Office of Management and Budget ⁹³⁴
Project Performance Management System (PPMS) of the Asian Development Bank (ADB)	Asian Development Bank ⁹³⁵
Rensselaerville Institute Outcome Funding System	Courtney
Strategic Results Framework (SRF)	World Food Programme ⁹³⁶

Table 39: Models for Monitoring and Evaluation (own Illustration)

⁹²⁹ Henderson D. et al. 2002

⁹³⁰ Letts Ch. et al, 1999, pp. 85ff

⁹³¹ Ragin C. 1987, pp. 3f and 13ff

⁹³² GRI 2009

⁹³³ Marguerite Casey Foundation 2009

⁹³⁴ OMB 2009

⁹³⁵ ADB 2009

⁹³⁶ WFP 2009

Appendix XXVII: Background on Foundation Green Ethiopia

Foundation Green Ethiopia is a Swiss development aid NGO engaging primarily in afforestation projects in Ethiopia. Foundation Green Ethiopia was founded in the year 2000, inspired by Kurt Pfister after his retirement. Today, the foundation is headed by a board consisting of 9 members with various backgrounds that contribute to the objectives and activities of the foundation⁹³⁷.

The deed of foundation defines “the objective of the foundation shall be without any profit-making or self-help motive, but shall be:

- to support Ethiopian farming and forestry by developing sustainable environmental agriculture and forestry to conserve and restore soil fertility and therefore long-term cultivation of available land resources.
- to provide advice and support to Ethiopian farmers with regard to sustainable production, appropriate storage and marketing of essential home-grown foodstuffs to ensure long-term basic nutrition in Ethiopia.”⁹³⁸

On its website, Foundation Green Ethiopia lists the following five projects which is essentially a grouping by areas: Trees for Tigray, Micro Credits Arsi, Hill Reforestation Oromo, Center for Propagation of indigenous trees and bio-diversity development, and School projects⁹³⁹. Looking at the detailed description of these projects, Foundation green Ethiopia engages in the following activities⁹⁴⁰:

- **reforestation**: the effective project activities strongly depend on the local situation (topography, other geological conditions, market for tree seedlings, number of beneficiaries, experience of partners, availability of agricultural knowhow, etc.). They typically include establishing and running tree nurseries by beneficiaries; preparation of tree plantation area on the hill by digging planting holes, constructing stone walls, applying soil bunds, preparing ponds, etc.; organizing tree plantation during the rainy season; guarding the plantation area against cattle interference; and donation of bee hives and honey extractors to increase honey harvest and quality.
- **water security**: the effective project activities strongly depend on the local situation, mainly on beneficiary contribution and topography: construction of water reservoirs and ponds for water conservation; construction of small dams, river diversions and

⁹³⁷ <http://www.greenethiopia.org/cms/en/content/foundation/persons/> (accessed October 9, 2012)

⁹³⁸ <http://www.greenethiopia.org/cms/en/content/foundation/purpose> (accessed October 9, 2012)

⁹³⁹ <http://www.greenethiopia.org/cms/en/content/projects/> (accessed October 9, 2012)

⁹⁴⁰ <http://www.greenethiopia.org/cms/en/content/projects/> and sub-pages (accessed October 9, 2012)

canals for gravity irrigation of agricultural land; donation of water pumps and hoses for irrigation.

- **plantation of vegetables:** provide tools and equipment for training centers; educate beneficiaries regarding propagation, plantation and using (including cooking) of vegetables; donation of vegetable seeds.
- **cultivation of fruit trees:** ensure availability of fruit tree seedlings (e.g. establishing and running of nursery or establishing markets); provide tools and equipment for training centers; and ensure education to receiving beneficiaries and provide fruit tree seedlings
- **non-interest bearing loan:** definition of support packages (for vegetable seeds, farm animals, tools, etc.) and required services within these packages; education of beneficiaries regarding agricultural techniques and application of material; establish network of witnesses; ensure availability of material; and facilitate repayment of loans.
- **donation of donkeys:** selection of beneficiary females; education of beneficiaries regarding animal health and footer; and ensuring availability of donkeys.
- **school projects:** ensure availability of fruit tree seedlings (if necessary establishing and ensure operation of a fruit tree nursery); establishing fruit tree orchards on school compounds; ensuring education to children on the importance of trees; support water supply for irrigation; and forest tree plantation in the catchment area of the school.

Typically, Foundation Green Ethiopia combines several of the above mentioned activities into a single project for a group of beneficiaries, e.g. reforestation, water security and plantation of vegetables. Such integrated projects have a strong social component, as most activities are only successful, if the concerned community, peasant association, female association or youth groups agrees on the activities and conditions of the collaboration, specifically on the required contribution of the beneficiaries. The conditions may impose some significant limitations, e.g. no more herding of animals on the afforestation hill in afforestation activities⁹⁴¹.

Following the grouping of the survey, Foundation Green Ethiopia is a small NGO (the financial budget for 2012 is CHF 600,000) with a narrow scope of countries that it is active in with projects (Ethiopia only) as well as with fundraising (Switzerland, some financial

⁹⁴¹ <http://www.greenethiopia.org/cms/en/content/projects/> and sub-pages (accessed October 9, 2012)

contributions are from Germany and France)⁹⁴². Regarding the other organizational criteria defined in the survey analysis (see paragraph 4.2.1.4.1), Foundation Green Ethiopia does⁹⁴³:

- Financing infrastructure: no, the foundation only pays costs related to the project. However, some activities which apply in selected projects, especially the small check dams that allow storing river water during the night and using it for irrigation during the day, have a certain infrastructure character. The costs for such activities typically account for a small percentage of the respective project budget only.
- Financing running costs: in general no, but there are two exceptions that may be seen as financing of running costs but which is not the intention of the foundation. First, Foundation Green Ethiopia buys a majority of the tree seedlings from the newly established tree nurseries (a predefined number of seedlings at a predefined price). Secondly, the foundation pays salaries to the guards of the plantation, which allows the foundation to continuously receive status reports and therewith track the project's long-term results.
- Significantly engage external project managers: no, the project managers are from the benefiting community and/or coupled with experts from the local office of agriculture.
- Receive significant funding from government: no, between 2008 and 2011 5% of the funding originated from governmental body (and these 5% were donations of cities, i.e. low level government bodies).
- Work by the order of the government: no, it is fully independent and the foundation's board is the only and final authority for decisions regarding any work.

Based on this assessment, Foundation Green Ethiopia does not follow into any of the five extended organizational groups.

⁹⁴² Foundation Green Ethiopia Annual Report 2011

⁹⁴³ Foundation Green Ethiopia Annual Report 2008 - 2011

Appendix XXVIII: Sustainability Measurement Framework at Foundation Green Ethiopia (Interview)

Interview with Mr. Kurt Pfister

Date: October 4, 2012
Participants: Mr. Kurt Pfister and Mr. Simon Pfister
Duration: 08.00 until 11.00

Person:

Kurt Pfister is retired, after having work 40 years at Migros, the largest retail company in Switzerland (his last position was president of Migros). After his retirement he founded Foundation Green Ethiopia in late 2000. Today, Kurt Pfister is president of Foundation Green Ethiopia.

Introduction:

According to the Annual Report 2011 Foundation has grown remarkably since it started its projects 2002 as well as over the last five years (e.g. number of planted trees being 4.5 m compared to 500,000 in 2007, number of donors being 800 compared to 400 in 2007, or project expenses being almost CHF 800,000 compared to CHF 300,000 in 2007). This growth was achieved without significant increase in personnel resources, except for two additional board members. During the last five years, transparency of the annual reports did increase significantly, i.e. the level of detail of information provided for each project has increased, for each project critical points are mentioned, and for each project the sustainability considerations are disclosed. These descriptions also indicate that the sustainability understanding did grow broader during these years. However, there is little information regarding evolvments and improvements of performance management. With this interview, I would like to better understand the performance management approach that Foundation Green Ethiopia applies and how they developed over the last five years (i.e. how they were implemented).

Question 1: Based on the publicly available information, I summarized the following understanding of sustainability including sustainability objectives:

- Environmental dimension:
 - Projects protect, increase, and improve the natural resources that are available to the involved community.
 - Projects foster renewable energy and strive for regional energy autarky so that forests do not come under pressure because of excessive use of wood for energy reasons.
 - Projects strive for local and regional water neutrality, i.e. projects must harvest more water than what they consume.
 - Projects balance needs of all creatures, especially fodder for cattle and diversity of plants and wild animals (i.e. promote biodiversity).
 - All elements of projects, including applicable tools, materials, and machinery, must be assessed regarding environmental considerations.
 - The carbon footprint of all activities of Foundation Green Ethiopia, especially the flights and the activities in Switzerland, must be reduced and if reduction is not possible it must be compensated through respective carbon compensation schemes.

- Social dimension:
 - Projects strengthen communities (e.g. farmer associations).
 - Projects involve marginal groups, mainly women associations and youth associations.
 - All involved groups and communities must enlarge and strengthen their structures (e.g. establish additional by-laws, provide common tools to members, etc.).
 - Projects allow children to increase their school grades (by increasing school attendance, school infrastructure, quality of education, and/or wellbeing of students).
 - Projects engage local project managers.
 - Projects allow team leaders and laborers to increase skills and experiences.

- Economic dimension:
 - Financial contribution of all project partners is required.
 - Financial self-sufficiency of projects is an important decision criteria for all project-related decisions.

- Foundation Green Ethiopia mainly contributes to investment costs (i.e. support for operational costs is very limited).
- Assumptions regarding cost and price level developments during the project execution are important criteria for a project-related decision.
- In short-term compensation projects, income generation is an important element.
- Project decisions are partly based on the cost per beneficiary and cost per input.
- Availability of funds for the whole lifecycle of the project as important criteria for a project decision.

Does this list well describe the sustainability understanding of Foundation Green Ethiopia?

Yes, the list does describe our sustainability understanding well. However, in practical project work, trade-offs do exist regarding the priorities of these objectives. While all of them should be reached during the project duration, not all of them can be achieved immediately. And this prioritization of what to achieve immediately and for which to allow some more time requires discussions and sometimes tough decisions.

Question 2: Foundation Green Ethiopia shows an impressive growth since its foundation. While the publicly available information discloses different aspects of this growth, no information is available regarding the performance management approaches, i.e. how they changed and/or how they fueled this growth.

When we started with our first project, performance measurement was not an issue because the number of donors and projects was small and everybody was at all times informed about any aspect of the foundation. In addition, the annual financial statements including additional statutory reporting in Ethiopia as well as in Switzerland offered a comprehensive understanding of the projects and the overall financial situation of the foundation. As the foundation grew, we were looking for approaches and tools that helped us manage the foundation and that allow a comprehensive overview for board members (which at that time were the only relevant stakeholders). For operational tasks, it was simply a question of creating lists for outstanding payments, project status, etc. For reporting to the board members, examples from the previous experiences of the board members were used. With our growth, this collection of different performance tools proofed insufficient for further stakeholders and inefficient for further growth. Therefore we looked for a comprehensive, integrated approach that allows us to re-use our existing reports, that is flexible enough to start with simple, pragmatic approaches and tools, and later extend these approaches and tools, and that allows us to handle our different projects differently (while still allow for a

maximum similarity among these different projects to the extent of their similarity). When the ideas of the Sustainability Measurement Framework were introduced to us, we felt that this framework accommodates what was important for our future performance management model. In addition, the framework allows thinking through measurement, communication and learning at different organizational levels in a structured way. Therefore, we decided to align our existing performance management tools with the elements of the Sustainability Measurement Framework and in the future implement additional approaches and tools that follow the Sustainability Measurement Framework.

Question 3: Now let us turn to your current level of implementation of the Sustainability Measurement Framework. Can you please describe the importance of each sustainability level as well as the main approaches and tools for every Sustainability Measurement Framework element (i.e. combination of sustainability level and sustainability task).

Project Initialization Level

Project Initialization consists mainly of turning in, checking, discussion, and negotiating project proposals (with project partners as well as with the foundation board to get their approval for project execution, appendix XXXI shows an excerpt of the board meeting minutes of such discussions). This general steps look different for each project, e.g. sometimes communities or other project partners need significant support to finalize a project proposal, or for new projects (i.e. including new ideas, approaches, areas, or partners) additional assessments of topographical conditions, technological feasibility, etc. are required. Therefore, project proposals for known projects must be finalized quickly and efficiently, while project proposals for new projects require significant considerations in order to structure the project in a way that it can be easily replicated once it proved successful. A third category of projects are small projects that aim to extend our involvement so we can go back to the project sites and assess long-term outcome and impact.

Measure at Project Initialization Level

Measure at Project Initialization level is primarily concerned with assessing project proposals that project partners submit. Besides some generally applicable measurements, specific measurements apply based on the content of the project, i.e. afforestation projects or income generation projects. The expected levels for the measurements depend first on the type of project (i.e. multiplication or experimental project) and the details of the project

area, i.e. topography of the project area, annual rain fall, economic situation (e.g. local salary levels), demographic situation, etc. Table 40 below summarizes the Measure at Project Initialization level, listing general measurements, measurements for afforestation projects, and measurements for income generation projects, including expected measurement level for multiplication as well as for experimental projects. For most of the measurements, we have a predefined range of acceptable expected values, and the expected values are compared with a similar project (similar in terms of topography, agricultural growth conditions, social structure of the beneficiaries, economic development of the community, etc.). The projects that continue the relationship with agents of previous projects are typically payment of guards (afforestation projects require guarding of the area against animal interference, see appendix XXVII). These projects are typically assessed in terms of whether or not they are able to maintain a relationship with agents of previous projects and whether or not costs are compared to similar projects (e.g. previous projects or projects from other areas), taking into consideration inflation and other special aspects.

At the end of Measure at Project Initialization level, i.e. if the project proposal is accepted, a project agreement is signed by all parties. This agreement summarizes the main points of the project proposal, especially the time plan and the annual as well as total budget. The duration of these agreements is typically three to five years, and the details of the activities of each subsequent year are decided upon based on the results of the actual year. This approach allows constant assessment of progress and if required to realign activities, funds, and support.

Measurements	Expected Level	
	Multiplication Projects	Experimental Projects
General measurements for all projects		
Cost per beneficiary	CHF 30.00 (+/- 50%)	CHF 50.00 (+/- 100%)
Cost for each input item	Competitive price	Competitive price
Participation of partners	By-laws prepared	Involved in planning
Contribution of partners	20% - 30%	At least 10%
Experiences of partners	At least medium	At least some
Availability of funds	80% secured for total project duration	100% secured for total project duration
Involvement with community after project termination	Long-term involvement as part of the project	Project reviews include discussing further involvement
Three arguments why the project will be successful	Proven success in previous projects	They are logical and reasonably achievable
Three most significant risk factors and solution approaches	Solution approaches have proven to be successful	Other examples show solutions to be successful
Additional measurements for afforestation projects		
Cost per tree	CHF 0.20	CHF 0.50
Cost per hectare	CHF 500 (+/- 20%)	CHF 1,000 (+/- 30%)
Slope of plantation site	>45 degrees	>45 degrees
Availability of water at nursery site	Available	Development is possible
Water of water streams during the rainy season	Yes	Yes
Additional measurements for income generation projects (e.g. vegetable production)		
Technical feasibility	Proven (technology already in use)	Capacity building at least part of the project plan
Availability of spare parts	Available within 2 days	Under development
Local availability of required technical skills	Initial skills available that are shared during the project	Training at least part of the project plan
Availability of market (for selling the produced goods)	Established, at least to simple extent	Under development

**Table 40: Overview of Measure at Project Initialization Level
(Foundation Green Ethiopia)**

Communicate at Project Initialization Level

We shares comprehensive information in order to engage with project partners and for them to understand what is expected of them, and allow them to excel at their work. Table 41 summarizes our communication approaches at Project Initialization level.

Recipient	When	What
Board Members of Foundation Green Ethiopia	At board meetings (during proposal negotiation and after the final decisions). If requested, additional information updates are provided by email.	Current status of Project Initialization measurements and explanations of proposal evolvement (existing vs. new partners, existing vs. new approaches, etc.).
Management of Foundation Green Ethiopia	At any time.	Project proposal with respective supporting documents.
Employees and volunteers ⁹⁴⁴	At any time for engagement in design or evaluation of the project.	All details of the project.
	After decision of implementation of project, as part of the quarterly newsletter.	Location of project, project activities, project partners, and expected annual outcome during the first three years.
Project Requestor	At any time before and during negotiation of project proposals.	Two documents that describe expectations for and feedback on current project proposal.
	Immediately after the decision regarding the project proposal.	Decision regarding the project proposal, including key discussion points and additional request from funding donor.
Project Manager	Immediately after the decision regarding the project proposal.	Decision regarding the project proposal and key discussion points.
Beneficiaries	Immediately after the decision regarding the project proposal.	Decision regarding the project proposal and main expectations regarding beneficiary participation.

**Table 41: Overview of Communicate at Project Initialization Level
(Foundation Green Ethiopia)**

We expect feedback from board members regarding whether or not to move the project proposal forward and implement it as a project. Sometimes board members require re-negotiation of the project proposal or prove of funding, i.e. finding a donor that supports

⁹⁴⁴ Currently, we do not have any employees or volunteers that are not part of the executive team or the board. Therefore, at the moment, no such communication is required. Nevertheless, we have already defined respective communication approaches.

such a project. Therefore, provision of information to different recipients may apply at different times (first communicate to board members, and based on their agreement communicate to project requestor, to project managers, and to beneficiaries).

Learn at Project Initialization Level

Currently, we do not have any formal approaches regarding Learn at Project Initialization level. Despite the absence of formal approaches, the management team and the board regularly discuss the process of receiving, discussing, and finalizing project proposals. The main objective is to update the documents that are provided to project requestors which communicate our expectations. For experimental projects, the discussions are more intense to make sure that all decisive experiences are captured, discussed, and documented in hopes of the experimental projects later becoming multiplication projects and the learning during initialization of the experimental project will serve as reference for comparison at Measure at Project Initialization level.

Project Result Level

Our main projects, afforestation projects, have a significant long-term orientation, as the envisioned results from afforestation are predominantly long-term (increased availability of water, increased agricultural production through decreased erosion and a second harvest of vegetables, increased nutrition, less time spent on collection of drinking water, etc.). As we want to start as many projects as possible in the near future, i.e. before all long-term effects of the first project can be fully measures, we must measure projects regarding short-term success and build understanding of how to design and manage projects to best achieve a long-term impact based on short-term results. Income generation activities and projects, which typically accompany afforestation projects, are measured differently as they must lead to changes in the lives of beneficiaries much quicker than afforestation projects in order to motivate beneficiaries to continuously support the afforestation projects until the forests reveal the envisioned results. Still, long-term impact measurement also applies for income generation projects in order to see whether the beneficiaries can repeat the initial success over several years, develop their income generation activities in line with the future needs of customers and the future situation, and how beneficiaries use the additional income to change their lives.

Measure at Project Result Level

We do not have any IT systems except for book keeping, administration of donations, and office packages for documents, calculation sheets, and presentations. Therefore, all project-related information is collected in Switzerland in the form of paper or electronic reports

from the project managers in Ethiopia. And these reports serve two purposes simultaneously, Measure at Project Result level and Communicate at Project Result level: by sending the reports, the project managers communicate the current states of projects to the management of Foundation Green Ethiopia who will use them as basis to define what measurements shall apply at project level. However, these reports do not exhaust neither Measure at Project Result level nor Communicate at Project Result level. Measure at Project Result level also incorporates long-term measurements which take place after the termination of the project, as well as assessment of project management and project steering, which are beyond of what project managers report. Communicate at Project Result level includes, beside reports from project managers, communication to board members, employees, and volunteers, as well as other project partners. Nevertheless, the reports that project managers send provide the main information used at the sustainability level Project Result and they are therefore the core element of the sustainability task Measure at Project Result level.

The reports that we repeatedly expect from project partners throughout the duration of the projects are the following three (see appendix XXXII for examples):

1. **Quarterly Status Report:** in the quarterly status report, project partners report on the main activities of the last quarter, challenges that have arisen, what the next activities according to the project plan are, and how these next activities are amended to address arising challenges. The report is in text form, so the text may include operational figures, ratios, financial information, etc.
2. **Annual Financial Report:** in the financial report, the project partners report how much of the project budget (which is defined in the project agreement) is used and how much is still needed to accomplish the intended project activities as agreed in the agreement. Therewith, the report shows input deviations from the original project plan and the report covers backward- as well as forward-looking aspects.
3. **Annual Operational Report:** with the operational report, project managers list what outputs have been achieved (e.g. how many trees of what species have been planted in which plantation sites). Comparing the operational report with the project agreements reveals shortcomings in terms of project execution (compared to the project proposal) and thus it offers opportunities for learning and improving project approaches. Shortcomings must be compensated in the following year.

In addition to the above described measurements which are provided by the local project managers, Measures at Project Result levels also include assessment of projects reports against project agreements, project proposal, and Measures at Project Initialization, as well

as assessments regarding project management and project steering. For such assessments, we and sometimes representatives of donors frequently visit the projects. During these visits, the activities and outputs are controlled, and outcomes are discussed with beneficiaries. We see afforestation projects as laying a foundation, which then allows beneficiaries to engage in subsequent activities that start changing the lives of beneficiaries. Such subsequent activities are hardly ever supported by us, instead the communities should be empowered during the afforestation projects and with the income generation activities to continuously change their lives themselves in the future. Therefore, we understand our main objective to be building a foundation and an empowerment for the communities, and the actual changes in the lives of beneficiaries shall be achieved by the communities themselves. The only long-term result attributable to us is that trees on afforested sites remain growing and that farmers continuously use and multiply the new capabilities they are offered through increased level of natural resources (e.g. continue to grow vegetables). And such continuous growth is assessed during visits of the sites of previous projects, but they are not measured in a way that social audits suggest.

Communicate at Project Result Level

In addition to the reports from project managers, we provide information on project results to board members and to donors. Table 42 summarizes all communication at Project Result level.

Recipient	When	What
Board Members of Foundation Green Ethiopia	At board meetings and by email (if required because of special developments).	Summary of project status, main shortcomings in activities, summary of output achievements, and summary of beneficiary feedback.
Management of Foundation Green Ethiopia	Quarterly and annually.	Quarterly status report, annual financial report, and annual operational report (i.e. activities and outcomes).
Employees and volunteers	Quarterly newsletter.	Summary of project status, activities, and output, as well as visit reports.
Project Manager	Depending on the interest of the project managers.	Depending on the interest of the project managers.
Beneficiaries	During visits of projects areas by representatives of Foundation Green Ethiopia and donors.	Answers regarding participation, involvement in activities, outcomes and impact.

Table 42: Overview of Communicate at Project Result Level (Foundation Green Ethiopia)

While all recipients are asked to provide feedback on the information received, the agreements with project partners define that the detailed project activities of each year are re-assessed and defined based on the results of the previous year. This approach allows that current level inputs, activities, outputs, and potential outcomes to influence further activities, i.e. the annual reports enforce mutual communication and define clear areas for learning, such as adjusting planned project activities, if necessary changing project approaches, and adapting management and measurement for the subsequent year.

Learn at Project Result Level

Currently, there is no formal approach to Learn at Project Result level except that the project results are discussed with the project manager at least once a year to decide on the details of project execution for the next year. Such discussions lead to adjusting activities without changing the overall project plan, as well as questioning the overall project plan. Respective discussions, especially summaries and outcomes are then discussed at the foundation's board level. The learning and decision of the board may go as far as terminating a project that repeatedly shows results that are below expectations and if results do not increase despite significant learning and previous adaptation of inputs and activities.

Organization Level

At organization level, we strive to maximize long-term results from the combined projects (afforestation projects and income generation projects), as well as to ensure sufficient capacities which is a main task given the significant growth of the foundation over the last 12 years. Other subjects at Organization level include our future strategy, i.e. what projects, especially income generation projects, are most suitable for the communities given the latest developments in Ethiopia.

Measure at Organization Level

Measure at Organization level aims to provide a comprehensive picture on project portfolios and on organizational capacities. The project portfolio may specifically indicate to what extent the combination of afforestation and income generation shows outcome, and whether enough projects exist at all stages to continuously achieve our objectives. Table 43 lists the measurements that we use at Organization level, including description and frequency of application.

Measurement	Description	Frequency
Financial Statements	Statements of financial positions, income, changes in equity, cash flows, as well as notes and performance reports. In addition to effective data, budget, and forecast, data is calculated for income statement and statement of financial positions, including cash planning.	Monthly (simplified) and annually
Effective and planned operational outputs	List of effective project outputs of current and previous years, and planned project outputs of the remainder of current year incl. future years according to existing agreements, by project.	Monthly
Effective and planned project expenses	List of effective project expenses of current and previous years, and planned project expenses of the remainder of current year incl. future years according to existing agreements, by project.	Monthly
Funding	Current fundraising income and available funds.	Monthly
Capacity assessment	Semi-structured assessment of available capacities and potential bottlenecks.	Quarterly
Project outcomes	Summary of beneficiary feedback.	Annually

Table 43: Overview of Measure at Organization Level (Foundation Green Ethiopia)

While financial and operational information is updated monthly and summarized annually in a structured way, capacity and outcome assessment is less structured. Capacity assessments are mainly based on personal judgment regarding how much effort is required to accomplish a certain task, what capabilities and capacities are available, and whether or not additional capabilities and capacities would yield better results of the task in question (i.e. achieve results faster, with less effort, and/or at a better level of quality). Outcome assessment is mainly based on interviews with project managers, community leaders, and beneficiaries.

Communicate at Organization Level

There are two times when we communicate Organization level results. The first time is once a year after completion of the financial statements, through the annual report. The annual report contains financial statements, incl. details regarding fundraising, outputs, as well as summaries and examples of outcomes for each sub project. The annual report is published on the website and it is distributed broadly upon request. The second time of Organization level communication is after visits to Ethiopia. After each visit, a report is published in the News section of the website. This visit report is discussed in detail at the next board meeting, especially regarding learning from current project outcomes for ongoing as well as

for future projects. Experiences from the visits and results are also discussed with major donors if they support the respective projects or if they request to do so.

Learn at Organization Level

Learning at Organization level mainly builds on the annual report, which invokes various discussions within the board, as well as numerous feedbacks from donors and from official authorities to whom the annual report is provided to (including, but not limited to, governmental foundation supervision authority, lawyer, etc.). The financial statements, but even more so the feedback from these expert bodies allow for peer group comparison. In addition to the annual report, visits to the projects in Ethiopia are opportunities to start discussions with donors, as well as to understand the current status of projects, decide on future direction of respective projects, on other running projects, as well as on future projects (i.e. understand the current status of the project portfolio and take respective decisions). Other discussions at board level question whether or not the right projects are pursued, if the project approaches still serve the needs of the beneficiaries (especially the income generation activities), and whether or not the current projects, capacities, and organizational dispositions still contribute to the envisioned future orientation of the foundation.

Fundraising Level

The Fundraising level is mainly concerned with managing donors, understanding what information they require, including how to best accommodate these requests, and assess fundraising activities in terms of success regarding finding the right donors, developing them, and raising enough funds for continuously offer our services to the beneficiaries.

We aim to engage our donors with their hearts and we have a limited number of donors only, grouped into the following three target donor groups:

- **Individual persons:** friends and families of board members and other interested people.
- **Grant-making organizations:** mainly churches, governmental bodies (towns, communities, or federal level), and environmental organizations that see themselves as grant-making organizations or that have a certain budget (by governmental decision or by the organization's deed) to be used for environmental purposes.
- **Companies and clubs:** companies, service clubs or other organizations that temporarily engage in humanitarian, environmental, or other related activities.

Examples include companies participating in payroll giving⁹⁴⁵ or donating Christmas money, activities with service clubs, sports clubs that organize an annual tournament and donate a portion of the entrance fee, schools organizing a project week on water and at the end organize a flea market, etc.

While these groups are approached differently, the sustainability tasks Measure, Communicate, and Learn at Fundraising level apply for all of them similarly, i.e. while there are certain differences, we try to multiply successful ideas of one group for all other groups as well.

Measure at Fundraising Level

Measure at Fundraising level primarily serves two objectives: first to show current levels of fundraising at any point in time (e.g. for board meetings) and understand developments within the donor base (e.g. number of major donors compared to the previous years). While the information regarding current fundraising levels is primarily used for decisions on further short-term fundraising activities and further project proposals (i.e. whether or not to engage in additional projects), the information regarding developments within the donor base is primarily used for meetings with major donors and decisions regarding long-term fundraising activities. While certain measurements are predominantly useful for fundraising aspects that only apply for certain donor groups (e.g. donation history is useful for preparation of meetings with major donors), most of the measurements apply for all donor groups. Table 44 lists the measurements that apply at Fundraising level.

At the moment, no separate operational measurements apply for donor reporting. The donors either use the same measurements, as described in Measurement as Project Initialization, Project Result, or Organization level, or they agree on project visits where they collect their own additional measurements (applicable to larger and significant donors only).

⁹⁴⁵ See appendix XII

Measurement	Description	Frequency
General Measurements for all target donor groups		
Total income	Total fundraising income.	Monthly and upon request
Future income	Promised donations (e.g. through multi-year support agreement) and invitations for fundraising actions (e.g. upcoming fundraising events such as presentations for service clubs, invitations to send donation request, etc.). For grant-making organizations, companies, and clubs information is gathered according to how often they typically donate (i.e. when they are contacted), including feedback from such organizations regarding the question when it is suitable to send a follow-up donation request.	Monthly
Income by Fundraising activity	Number of donations and donation amount arising from each fundraising activity (especially for activities with companies and clubs).	Monthly (if activities apply)
Donor history	History of all previous donations for each donor.	Upon request
Restricted donations	Number of donations and donation amount for which the donor gave a pre-defined (and therewith restricted) usage.	Monthly
Additional Measurements for Individual Persons		
Number of donors	Number of donors that have provided donations.	Annually
Average donation	Average value of donations.	Annually
Donor summary	Number of donations and donation amount by donor.	Upon request

Table 44: Overview of Measure at Fundraising Level (Foundation Green Ethiopia)

Communicate at Fundraising Level

Communication at Fundraising level primarily uses three channels. The first one being board meetings where current total income, future income, and planned fundraising activities are discussed. Low current and future income level trigger additional fundraising activities, and a few planned fundraising activities lead to restrictive project spending (i.e. a certain hesitation regarding additional project proposals). Fundraising activities also include approaching friends of board members, and for such activities we use the individual donation history. The second communication channel is the annual report which discloses total income, restricted income, number of donors, average donations, and the like. The third communication channel is donor reporting which offers project result measurement as

well as selected organizational measurement to major donors. While the dates of board meetings are scheduled in the fall of each year for the coming year, and annual reports are prepared after the end of the fiscal year, communication with major donors is agreed upon with them individually. Communication typically takes place after visits to Ethiopia (sending visit reports) as well as annually around the time of the initial support in order to assessing financial input, output, and outcome.

Learn at Fundraising Level

Similar to Learn at Project Initialization, Project Result, and Organization level, we do not have a formal approach for learning at Fundraising level. However, minutes of board meetings exist as well as of meetings with major donors and they summarize the decisions taken regarding learning from and adapting of projects. While learning as a whole uses minimum formal approaches only, the board meetings as well as meetings with major donors follow a clearly defined structure. For board meetings, the structure compares results of fundraising with pre-defined expectations that are either defined in the budget or that were agreed upon when deciding on an additional fundraising activity. Deviations and shortcomings are analyzed and respective learning for current as well as for future activities is drawn. In a similar way, communication and meetings with major donors review current project statuses against the objectives and the initial plans. Deviations are explained and discussed, and further actions are decided upon. At board meetings, certain formal strategic learning applies, e.g. during the budget discussion, all project approaches and all project areas are questioned as well as if necessary funds are re-distributed (i.e. increase or decrease of support for certain approaches and/or areas). Such discussions also include matching donors with projects (suggest the right projects to the right donors when asking for support) as well as learning regarding how to approach donors in the future and how to match the right project to the right (potential) donor.

Question 4: After understanding the current implementation level of the Sustainability Measurement Framework at Foundation Green Ethiopia, can you describe the implementation process that was chosen by Foundation Green Ethiopia?

As our performance management tools developed slowly, there was no official implementation project. Instead, in frequent discussions potential points of improvements are discussed with different stakeholders. Based on these discussions, a next cycle of implementation is started:

- Decide on the approaches and tools that are of high importance and urgency for adaptation and extension during this iteration,

- Performing a gap analysis describing the objectives of the adaptation and extension for the selected approaches and tools,
- Assessment of possible new approaches and tools,
- Selection of the most suitable new approaches and tools,
- Implementation of the new approaches and tools and using them during the everyday operation,
- Learning regarding success of the iteration (regarding implementation process as well as regarding the new approaches and tools).

While this approach leads to the fact that many stakeholders, even board members, do not fully understand the Sustainability Measurement Framework, it allows us to move forward at the speed that fits the organization. Given the limited personnel resources and the different project approaches, such an iterative implementation is the only option for us. I also think that the advantages, especially learning as we go along and the flexibility to adjust approaches and tools based on immediate learning, do outweigh the disadvantages of the limited strategic signaling because an official project is lacking. So far, all cycles have been implemented successfully, partly due to the iteration cycle being small and confined, and only decided upon based on sufficient funding and availability of the required personnel resources. I am sure that with the approach chosen, we achieved more than we could have with any other implementation approach. And last but not least, the approach fits the culture of Green Ethiopia: simple, practical, straight forward, pragmatic, and running learning cycles. But I also agree that for bigger organizations, or organizations that are highly influenced by donors, a different, more traditional implementation approach (with e.g. a clear start and end, with broadly communicated objectives, or a hotline for inquiries) might be the right one.

Kurt Pfister, thank you very much for this interview!

Appendix XXIX: Performance Measurement at Foundation Green Ethiopia (Interview)

Interview with Mr. Beat Beutler

Date: January 17, 2013

Participants: Mr. Beat Beutler and Mr. Simon Pfister

Duration: 13.30 until 16.00

Person:

Beat Beutler is priest of the protestant church in Thun (Switzerland). Through his work and his duties he is in contact with many social and environmental NPOs. Since 2009 he is member of the Board of Foundation Green Ethiopia. In this role he traveled to Ethiopia several times and he is engaged in fundraising activities of Foundation Green Ethiopia, mainly regarding collaboration with different church organizations and private people as well as organizations in the area of Thun. In 2011, he was heading the project to produce a 15-minute movie explaining the work of Foundation Green Ethiopia.

Introduction:

Foundation Green Ethiopia has started to apply ideas from the Sustainability Measurement Framework. The framework consists of four sustainability levels ('Project Initialization', 'Project Result', 'Organization', and 'Fundraising') and three sustainability tasks ('Measure', 'Communicate', and 'Learn'). The sustainability levels are the activities that development aid NGOs should focus on for the most leverage regarding planning and increasing sustainability. The sustainability tasks define a decision process that development aid NGOs may repeatedly run through to assess and increase current as well as future undertakings. The framework allows seamless integration with existing performance approaches as well as to implement the framework step by step, which is the approach that Foundation Green Ethiopia has chosen.

Question 1: Why is the subject of sustainability important for your organization, where do respective initiatives originate from? Does the topic enjoy importance since a longer time, and is there external pressure regarding sustainability (e.g. by donors, project partners or media)?

Changing the lives of beneficiaries requires balancing a number of aspects of life. These balances not only include subjects (e.g. health vs. income) but also aspects such as time (e.g. short-term vs. long-term income), social structure (e.g. opportunities of marginalized groups), natural resources (e.g. future technologies to recycle waste into new resources), etc. Sustainability is a concept that allows assessing all these aspects in parallel, and it incorporates personal beliefs, ethics, and values to balance all these aspects. In development aid, where beneficiaries must trust representatives of the NGO that their projects will change lives, such clear personal values can convince beneficiaries for their support. I understand sustainability-orientation as a personal commitment towards the beneficiaries, and therewith it originates from the executive team (and all employees) of the development aid NGO instead of from outside. However, external ideas do influence the effective priorities, measures, as well as measurements of sustainability (e.g. the priority of subjects such as carbon neutrality, water neutrality, etc.).

Question 2: Did the understanding of sustainability change for your organization during the last 5 to 10 years? What were the main topics before, what are they today?

I only joined Foundation Green Ethiopia 3 years ago, so I do not know for Foundation Green Ethiopia. However, from other organizations and projects it seems that the general ideas of sustainability are stable (environmental, social and economic responsibility). Also the fundamental approaches remain the same: respect nature in its originality, protect natural resources, prevent environmental exploitation, balance group power, engage marginalized groups, strive for cost effectiveness and cost efficiency, etc. However, these general statements need specific decisions for any given situation, and experience as well as technical development allow addressing the specific situation with new approaches, e.g. water purification technologies offer enhanced approaches for the protection of water, examples of successful women association empowerment approaches allow to further engage women, etc. One topic that did gain more importance over the last 10 years, especially in a broader public, is availability of drinking water.

Question 3: What are the main obstacles regarding increasing sustainability of projects and the organization as a whole? Or is further increase not required anymore, i.e. there are no more obstacles?

The main obstacles to sustainability are first the necessity of projects in the realities of developing countries and second the complexities of truly sustainable projects. The realities of developing countries include aspect such as children rather work for income than going

to school, or agricultural productivity for increased nutrition being more important than protection of natural resources. Truly sustainable projects are inherently complex as they address many aspects in parallel. However, project partners in developing countries with limited project experiences may have difficulties to engage in such complex projects. But not involving them in the projects (and execute the projects with well experienced people only) would jeopardize important aspects of sustainability (e.g. participation of beneficiaries, learning for beneficiaries, etc.).

Question 4: Now let us turn to the elements of the Sustainability Measurement Framework that Foundation Green Ethiopia has applied. Do the descriptions of the pre-required sustainability understanding and the sustainability tasks at all sustainability levels well reflect the current status of implementation of Sustainability Measurement Framework ideas at Foundation Green Ethiopia?

As board member, my day-to-day experiences only relate to a part of the Sustainability Measurement Framework. The aspects that relate to the foundation's board are well described and reflect my experiences with all aspects of the Sustainability Measurement Framework. Regarding all other aspects of the framework I have only limited experiences from the fundraising activities and projects that I am directly involved in, as well as theoretical understanding from respective discussions in the board and from examples provided for respective discussions. The description also reflects respective aspects well. However, I think that the description does not disclose enough how different the projects have to be to accommodate the realities in the project areas and the respective understanding that has to be built before agreeing on project proposals. And such understanding can only be built on broad trust, not only trust between the board and executives Foundation Green Ethiopia who negotiate the project proposals, but also between the project partners, especially proposal requestors, and executives of Foundation Green Ethiopia regarding the possibilities for adjusting project proposals.

Question 5: Do you see the Sustainability Measurement Framework as new approach how to address sustainability or is it rather 'old wine in new hoses'?

Overall, the Sustainability Measurement is a good tool to manage the activities of Foundation Green Ethiopia towards increased results and sustainability, during planning, execution, as well as review stages. It also fits different levels, i.e. for operational execution of respective work, as well as for more strategic overview which it must serve the Board for. However, the framework strongly builds on measurement and control, but

the work of a Board member in a charitable NGO or NPO relies significantly on trust. This element of trust does not enjoy enough importance in the framework. Of course, applying the framework systematically does build up trust, nevertheless, engagement in environmental, social and Christian charity work cannot rely on measurement only, there must be a significant level of trust, i.e. trust-building undertakings beyond simple measurements, documentation (i.e. communication) and feedback meetings (i.e. learning) is required. Despite this comment, the framework would have been helpful for guiding the work and changes over the last 30 years - and it will be so for the next 30 years.

Question 6: How do you assess each element of the Sustainability Measurement Framework, what strengths/advantages and weaknesses/disadvantages do you see in each element and its implementation and application by Foundation Green Ethiopia?

Measure at Project Initialization Level

Project initialization is important to communicate the sustainability understanding of Foundation Green Ethiopia to all project partners because project initialization, i.e. the negotiations regarding project proposals, helps to clarify the understandings and expectations of all partner, in general as well as regarding sustainability. The measurement at Project Initialization level is always a mix of main objective and additional considerations. The main objectives is what the Sustainability Measurement Framework element describes, i.e. the objective measurements and the expected levels. Additional considerations include trust (in the people who were engaged in the negotiations of the project proposal) and gut feeling, e.g. are assumptions adequately addressed, have project approaches being adjusted to accommodate special conditions without losing sight of the main objectives, etc.. Measurements cannot answer these questions, only personal impression, experience, trust through personal, and resilient relationships can. Communication and repeated positive collaboration are the only two approaches to build the required trust.

The current implementation of Measure at Project Initialization level at Foundation Green Ethiopia is good, especially the ease of use at organization level as well as the efficiency of resources used at local level. Building trust is a long process, and in the case of Foundation Green Ethiopia it was established among board members before implementation of the Sustainability Measurement Framework. The critical feedback and open communication is a main factor to further strengthen the trust among board members.

Communicate at Project Initialization Level

Internal communication, especially to and within the board is important and the current approach of Foundation Green Ethiopia is good. Any questions and discussions are possible, which is important to build trust. External communication should not hold back anything, which leads to critical questions from different stakeholders that have to be dealt with. Increased communication would further support sustainability, but today's communication approaches serve the current needs. Nevertheless, constant critical assessment regarding future developments and needs is necessary.

Learn at Project Initialization Level

The current approaches of Foundation Green Ethiopia regarding Learn at Project Initialization level are good. The approaches, processes and tools support all involved persons to remain creative, and move beyond the implementation of pre-defined concepts. The local situation and necessities are the mother of invention, all partners show high willingness and disposition for constant, critical review, allowing for big picture and full picture discussion without fading out objectionable aspects. More learning is not necessary, the current success of Foundation Green Ethiopia proves the project initialization approaches and processes to be effective and efficient.

Measure at Project Result Level

Short-term result measurements are transparent across different organizations and commonly agreed upon and applicable best practices exist. In contrast, measurement of longer term results and correlations must be developed by each organization individually and the organizations must individually and specifically affirm that long-term visions and philosophies are complied with. One significant decision that such long-term measurement must answer is the size and scope of the organization, including but not limited to supporting some limited areas only or supporting a broader range of areas, e.g. offering support throughout the whole country, and collaboration with other organizations, e.g. Biovision. More Measure at Project Result level is necessary, especially longer term measurement. And such long-term measurements shall show the paths and priorities for short-term actions and therewith short-term measures.

Communicate at Project Result Level

Similar to the measurements at Project Result level, communication of short-term aspects is good, but communication of longer term aspects needs improvement. Currently, possibilities of discussions on future details of long-term projects as well as future organizational directions are limited. Another decision that needs improvement based on

increased communication, as well as potentially increase measurements, is related to in how far projects are steered by fundraising versus the organization's objectives including sustainability. Such additional communication is also required for assessing future project portfolios. While current communication is sufficient, given the relatively small size of Foundation Green Ethiopia and the currently narrow project approaches, management of future project portfolios need increased communication to find subsequent and follow-up projects early enough, to early on ensure sufficient financial means, and for well-founded decisions on future project details (services, partners, risks, etc.) as well as future project areas.

Learn at Project Result Level

While learning from short-term project results is creative and exhaustive, only longer term learning allows improvement in the future. For this, additional longer term measurement and communication is needed. Learning from such improved measurement and communication should mainly result in a better understanding of how short-term project results link to long-term impacts of project activities. This quest for understanding how project inputs, activities, and output roll into outcome and impact shall guide what additional long-term measurement and communication should apply and should be given priority. Learning regarding long-term impact will most probably also influence Project Initialization level measurements, communications and learning, as well as all sustainability tasks at Organization and Fundraising level. Such influence will extend the current approaches rather than replace them, as short-term measurement, communication and learning at Project Initialization as well as at Project Result level does already serve the current requirements of the board, project partners, and other stakeholders.

Measure at Organization Level

Current Organization level measurement offers a good overview over current activities, results, financial situations, as well as critical points. However, current measurements focus on status quo and they lack future orientation, growth, changes, and adaptations, e.g. further engagements of volunteers or long-term income approaches. The current measurements tend to steer Foundation Green Ethiopia to increasingly harden current organizational dispositions. However, the history of church organizations, which have built up huge administration overheads and today struggle to find new organizational dispositions as the number of members decreases, may serve as an example what narrowly oriented growth may lead to. Currently I see significant credibility and authenticity of Foundation Green Ethiopia by all stakeholders, and forward looking information may secure this strong relationship with stakeholder for the future.

Communicate at Organization Level

Besides comprehensive overview, internal communication at Organization level oftentimes focuses on problems and problem thinking while solution approaches are hardly ever communicated. As Foundation Green Ethiopia grows, structured communication of solution approaches is important to focus discussions on critical problems and on solutions that Foundation Green Ethiopia has no previous experiences with. External communication offers comprehensive backward-looking information. Additional forward-looking information may educate stakeholders about complexities of projects and the project environments in Ethiopia, and therewith forward-looking information allows winning the hearts of donors and building understanding regarding the reasons and backgrounds of project activities and project approaches. While current communication, which focuses on organizational aspects such as voluntarism of all effort in Switzerland and low administrative costs, support building of trust, additional communication regarding future project portfolio orientation and project activity directions may be necessary to continuously win the hearts of stakeholders in the future.

Learn at Organization Level

Similarly to learning at Project Initialization and Project Result level, project partners and representatives of Foundation Green Ethiopia show significant flexibility and creativity for learning regarding project approaches and finding creative answers to open questions. However, learning regarding organizational aspects is significantly slower than Learn at Project Initialization and Project Result level, but for the future timely learning for organizational aspects is at least similarly important as it is for project execution. Additional double-loop learning, i.e. questioning the basic guiding principles of the organization, would support the stability of sustainability, of organizational governance, as well as of fundraising. Therewith double-loop learning regarding organizational aspects is the basis for successful future projects and should be formalized in the near future.

Measure at Fundraising Level

The current approaches of Foundation Green Ethiopia regarding Measure at Fundraising level serves the current needs and the current donor structure. In the past years, respective measurements have been successfully adapted to changes in projects, fundraising approaches, as well as donor structure. Changes and improvements are of low priority and hardly necessary, mainly because donors do trust the current executive team. Changes are likely if significant changes in the project approaches apply, or if the executive team of Foundation Green Ethiopia changes.

Communicate at Fundraising Level

Current internal communication at Fundraising level is sufficient, because the fundraising measurements, coupled with the trust in the executive team and continuously positive fundraising results over the past few years, offer enough confidence regarding the current status of fundraising. For external communication at Fundraising level, the fundraising messages are important. However, what is most important to the target donors is to see the personal engagement of the representatives of Foundation Green Ethiopia.

Learn at Fundraising Level

The intense discussions regarding fundraising at board levels and respective learning, coupled with the clear fundraising strategy including respective discussions with main donors ensure ongoing learning. However, there are two internal aspects that require improvement. First, tasks given to mainly volunteers must be followed-up and claimed more insistently. Second, the organizational culture must incorporate a feeling of being obliged for delivering on promises, which also points primarily to volunteers that support fundraising. Both improvements are necessary and will fuel further growth and improve organizational structures in the future. As of today, fundraising success is still dependent on certain key people. In the future, fundraising success must build on organizational competences, which learning at Fundraising level must ultimately lead to.

Question 7: Which advantages/options and disadvantages of the Sustainability Measurement Framework or through its application do you see regarding the obstacles that you mentioned in question 3?

I see two advantages of the Sustainability Measurement Framework and its application regarding the current sustainability-related challenges. The first one is clear measurements, communication and learning with project partners. This collaboration with project partners allows addressing the complexities of development aid projects. While the complexities of the projects remain the same, the way complexities are measured, how everybody is informed about project statuses, and how learning is compiled and fed back into decision cycles allows project partners to better address these complexities. The second advantage is related to the project portfolio of the NGO. The project portfolio allows addressing the realities in developing countries, i.e. the combination of short-term and long-term projects can ensure short-term as well as long-term benefits for most beneficiaries. While other performance management models allow similar approaches, the process of measurement, communication, and learning allows involved parties to have a voice and hold project

partners responsible for acting upon learning for the current as well as for future projects. A significant limitation of the Sustainability Measurement Framework is the effort required to provide and manage all measures for all projects for all project areas at all relevant levels of details, compile the information for communication, engage in learning, and act upon these learning of all relevant project partners and other sources of research and experience. However, this limitation also applies for other models, and therefore it must not hinder further implementation of the Sustainability Measurement Framework.

Question 8: Which challenges do you see during the implementation of the Sustainability Measurement Framework regarding:

8 a) Applicable measurements and expected measurement values?

The applicable measurements reflect the understanding and priorities regarding the NGO's objectives as well as sustainability. This understanding and respective priorities differ between different project partners, and even within the foundations' board. The discussions provoked by the Sustainability Measurement Framework help to bridge such differences and therewith the framework indirectly eases management of applicable measurements. According to my experience, the same applies for expected measurement value, and even to a higher degree as I see respective differences even bigger than the understanding and priorities regarding applicable measurements. Still, the required effort for discussions to come to common agreements is extensive. NGOs may apply additional methodologies (e.g. applying best practices, engaging coaches, using tools such as morphological box or cost-benefit-analysis, etc.).

8 b) Tensions between paid staff and volunteers?

While many organizations depend on the support of volunteers, the relationship with paid staff is likely to hold tensions. The reasons for these tensions are manifold and addressing them requires understanding the respective reasons. In any case, the clarity regarding sustainability understanding, sustainability tasks and sustainability levels does support common understanding of project approaches, acceptance of decisions, and affirmation of having a voice. While such clarity does not necessarily overcome the tension, it can serve as one aspect to ease the tension. Further leadership, especially building the required trust as mentioned during the discussion of the current implementation of the Sustainability Measurement Framework at Foundation Green Ethiopia, is required.

8 c) Topics of sustainability?

In my experience, the main challenge to manage sustainability is to have all aspects being followed up at all times (oftentimes daily realities of projects jeopardize well-intended initiatives and organizations start to narrow down effective performance management to a few topics only which typically do not reflect all intended aspects of sustainability). With the Sustainability Measurement Framework, all intended sustainability aspects can be consistently and comprehensively be carried forward throughout projects as well as into organizational level perspectives. Therewith, managing Foundation Green Ethiopia by systematically following all sustainability tasks at all sustainability levels does increase sustainability.

Beat, thank you very much for this interview!

Appendix XXX: Project Proposal Information by Foundation Green Ethiopia

Foundation Green Ethiopia uses two documents that are provided to the project partners for them to prepare project proposals. These two documents explain the project partners what information Foundation Green Ethiopia is expected to receive as part of the project proposal and at what level of detail. The two documents are:

- Checklist for content to be received in project proposals and minimum standards that the project proposal shall meet.
- Questionnaire for new project sites with information about the geographical, environmental, social and economic situation in the respective woreda and tavia/kebele⁹⁴⁶.

The following two figures show these documents.

⁹⁴⁶ Woreda broadly corresponds to a district or county, Tavia and Kebele are the basic unit of urban government and they broadly correspond to a commune. The term Kebele is typically used on middle and southern Ethiopia and the term Tabia is more often used in northern Ethiopia (The Library of US Congress, Country Studies on Ethiopia, http://lcweb2.loc.gov/frd/cs/ethiopia/et_glos.html [accessed October 18, 2012]).

Checklist for content to be received in project proposals and minimum standards that the project proposal shall meet:



Foundation Green Ethiopia
Charitable Foundation for Environment and Development in Ethiopia (NGO)

Checklist: content and standards for project proposals

For every new project, GET needs a project proposal. This proposal is to be provided by the interested organisation / group / people and on their own costs. The proposal has to contain the following information:

1. Project idea / overview

Description of the idea and of the project (what is the name of the project? what kind of project is it? What are the main characteristics and the content of the project – short, focused description).

2. Project area

Where is the project site located, in which area, which are the distances from the next town, particularities of the selected area, etc.

3. Project objectives

Which objectives will be achieved in what time (3 to 5 points)

4. Project description in detail

Detailed description of all the components and elements of the project (if possible drawings, site maps, design of construction, etc.). Describe priorities and milestones as well as subprojects, parts or units if necessary.

5. Responsibilities / partners

What is the project organisation and who is the main project manager (main partner for GET). Which organisations / groups / peoples do participate and what is their responsibility to realise the project. Who is responsible for supervising and controlling of the project?

6. Beneficiaries

What is the benefit by the realising the project (number of beneficiaries) and how. What is there long term benefit of the project?

6.1 ecological profits

6.2 economical profits

6.3 social benefits

7. Time table

Detailed description of the individual project activities and their duration

Foundation Green Ethiopia, P.O. Box 171, CH-8405 Winterthur, Switzerland
Phone . +41 (0)52 233 15 31 /Fax. +41 (0)52 232 34 14

Web: www.greenethiopia.org
E-Mail: Info@greenethiopia.org

Figure 33: Checklist for Content and Standard of Project Proposal (Foundation Green Ethiopia)

8. Costs / budget

A budget (income and cost), based on bills of quantity and cost estimations are necessary. If there are different types of costs, they need to be listed by type (e.g. "investments", "material", "labour", "one-time costs", "yearly costs").

9. Finance

How will the project be financed? How will the income be re-invested and who will benefit from it? Which is the financial obligation of all the partners?

10. Special remarks

If there are special remarks and comments, please explain.

**Figure 33: Checklist for Content and Standard of Project Proposal, continued
(Foundation Green Ethiopia)**

Questionnaire for new project sites with information about the geographical, environmental, social and economic situation in the respective woreda and tavia/kebele:



Questionnaire for new Project Sites

1. Location

Region

Zone

Woreda

Geographic site:km to capital City / name

Tabia / Kebele

Population

Number of households (male) (female.....) totalhouseholds

Number of citizen (male) (female.....) total.....citizen

Number of Peasant Associations in the Woreda number:

2. General Information about the woreda

Agro-climatic zone? (dry, moist, wet Dega / Kolla, etc.) ?

Altitude (woreda city.....) from.....to m. a.s.l.

Climate (annual rain fall) mm / annually

Land use:

Total Land hectares

Number of hectares of cultivable land hectares

Number of hectares of grassing land hectares

Number of hectares of forest land hectares

Number of hectares of shrubs and bushes landhectares

Number of hectares of swampy areashectares

Number of hectares of stony areashectares

Number of hectares of construction and investment areashectares

Figure 34: Questionnaire for new Project Sites (Foundation Green Ethiopia)

3. Agriculture production at the woreda:

Crop production / which?%

Livestock production / which%

Others?

Main income for peasants?

4. Infrastructure

Schools (Elementary, Primary, others ?)

Percentage of illiterates by people under 20 years?% (estimated)

Percentage of illiterates by people older than 20 years?% (estimated)

Agriculture Training Centers? If yes, number

Health service (hospital, health office?)

Electrical Power / Telecommunication / mobile?

Water supply (percentage of households with water)

Roads / accessibility

5. NGO activities at the area

Are there NGO's engaged in the Woreda? Yes/No

If yes, which (Names) with which objectives:

.....

.....

.....

If no, did NGO's refuse to work at this woreda? Yes / No / Why ?

.....

.....

.....

Figure 34: Questionnaire for new Project Sites, continued (Foundation Green Ethiopia)

6. Strengths / opportunities at that area?

.....
.....
.....
.....
.....

7. Weaknesses / problems at that area?

.....
.....
.....
.....
.....

8. Project goal, objectives and outcomes

.....
.....
.....
.....
.....
.....

9. Partners / addresses

Office of Agriculture and Rural Development

Head of OARD
Deputy head
Project responsible person / contact person
Postal address P.O. Box
Phone number / mobile phone /
Fax number
e-mail-address

Woreda Administration

Head of Woreda Administration
Phone number / mobile phone /

10. Special remarks / notices

.....
.....
.....
.....
.....
.....

Figure 34: Questionnaire for new Project Sites, continued (Foundation Green Ethiopia)

Appendix XXXI: Excerpt from Minutes of Foundation Green Ethiopia Board Meetings

This appendix shows excerpt of two minutes from board meetings of Foundation Green Ethiopia. These two examples indicate the discussions that apply at board level. The first example is related to a multiplication project for afforestation at Liban area, in the Oromia region of Ethiopia. The board decides on the conditions for the management team to decide on a project proposal that is expected to be sent to Foundation Green Ethiopia and that may not wait for the next board meetings to be decided upon. Table 35 shows the respective excerpt of the minutes of the board meeting number 55, dated February 20, 2012.

6. Projekt Anträge

Die Projektanträge wurden den SR schriftlich zugestellt. Es sind dies:

a) Von Liban-Woreda / Oromia

Antrag:

Zustimmung, dass der Präsident oder Geschäftsführer zusammen mit einem Stiftungsrat ein Agreement für die Aufforstung weiterer 3 Hügel (Finanzierung durch Micarna) unterzeichnet werden kann. Die Vertragsinhalte sollen unseren üblichen Eckwerten / Konditionen entsprechen (Präzisierung: als Eckdaten werden im Wesentlichen verstanden: Projektumschreibung, Zielsetzung, erwartete Resultate, Kosten, Zahlungsplan, Reporting, Verantwortlichkeiten, Controlling).

Diskussion:

KS empfiehlt, die Eckwerte zu definieren. Siehe oben im entsprechend formulierten Antrag.

Figure 35: Excerpt of Board Meeting 55 regarding expected Project Proposal (Foundation Green Ethiopia)

The second example is related to an experimental project related to revolving credits for income generation. While the first year was successful, the second year proved very mixed. Therefore, the project was re-assessed by the board and different measures were decided how to move the project forward, bring it back onto the initial track of objectives, or abandon the project all together. Figure 36 shows the respective excerpt of the minutes of the board meeting number 51, dated March 14, 2011.

5.4 Problemsituation mit Kleinkrediten Huruta

KP informiert über seine Abklärungen mit Mr. Hailu und den Gesprächen mit den betroffenen Bauern. Inzwischen hat Mr. Hailu beantragt, dass wir akzeptieren, dass die letztes Jahr fälligen Kredite dieses Jahr mit einem Anteil von mind. 50 % zurück bezahlt werden. Das Problem ist für unsere Stiftung weniger die in der Vergangenheit vergebenen Kredite, als die Zukunft. Darüber ergab es eine ausführliche längere Diskussion, die wie folgt zusammengefasst werden kann:

- KP möchte die Kleinkredite fortsetzen, allenfalls nicht mehr als Kredite, sondern als Anbauhilfe. Das Problem dabei ist die „Kompensation“, d.h. welche Gegenleistung erbringen die Nutzniesser.
- PW könnte sich vorstellen, dass wir die Leistungen im Gemüseanbau analog der Esel-Spenden vergeben, dort gibt es keine Probleme und die Nutzniesser sind zufrieden und wir leisten etwas Gutes. Natürlich wäre es ideal, wenn eine gewisse Kompensationsleistung erbracht würde.
- WE könnte sich vorstellen, die Kredite gezielt und selektiv an Bauern zu vergeben, die klare Vorstellungen über die ihre Zukunft haben (allenfalls auf Antrag der Bauern) und somit auch Gewähr bieten könnten, dass wir eine nachhaltige Hilfe leisten und solche Bauern könnten wohl auch zurück zahlen. Dass man Kleinkredite auf 3 Jahre für Zuckerrohr gewährt, bei denen erster Nutzen erst nach 3 Jahren anfällt, war sicher von unserer Seite falsch.
- RS ist eher der Ansicht, wir sollten das Projekt „Kleinkredite“ auslaufen lassen und nicht mehr fortsetzen. Es gab immer Diskussionen darüber und auch in Zukunft wird uns – wie immer wir es gestalten – dieses Projekt Probleme bieten.
- BB sieht einen Vorteil des Projektes nicht nur bei der Verbesserung der Lebenssituation der Bauern, er stellt auch fest, dass bei Spendern diese Projektart gut ankommt und sich gut „verkaufen“ lässt.
- KP kann sich nicht vorstellen, das Projekt aufzugeben. Wir haben bei den dortigen Bauern etwas Gutes begonnen und wir sollten diese Bauern nicht im Stich lassen.
- Insgesamt ergab die Diskussion mehrheitlich eine Stimmung die eher für die Aufrechterhaltung unserer Leistungen war, also kein Abbruch des Projektes, jedoch Fortsetzung unter neuen, noch festzulegenden Grundsätzen.

Nach dieser ausführlichen Diskussion wird auf Grund eines Antrages von PW entschieden:

Beschluss:

Die bisher gewährten Kleinkredite sollen – wie von Mr. Hailu vorgeschlagen – in der Grössenordnung von mind. 50 % zurückbezahlt werden und wir verzichten auf volle Rückzahlung (es bleibt dabei, dass die zurück bezahlten Kredite wieder für neue Kredite eingesetzt werden).

Für die **künftige Zusammenarbeit** soll KP mit Mr. Hailu Verhandlungen führen und folgende Möglichkeiten prüfen:

- Welche Kompensationsmöglichkeiten könnten die Bauern leisten? Evt. auch Aufforstungen?
- Wie sieht es mit der Selektion aus?
- Wie könnte ein zusätzlicher administrativer Aufwand für Selektion, Kontrolle und Rückzahlung bewältigt werden? Evt. sollten wir einen Beitrag leisten.
- Wie kann vermieden werden, dass es Ungleichbehandlungen bei den Begünstigten gibt?

Entscheide sollten an einer nächsten Sitzung fallen.

Figure 36: Excerpt of Board Meeting 51 regarding a difficult Project (Foundation Green Ethiopia)

Appendix XXXII: Examples of project reports from Foundation Green Ethiopia

Foundation Green Ethiopia expects the following three project reports from project partners throughout the duration of the projects:

1. **Quarterly Status Report:** in the quarterly status report, project partners report on the main activities of the last quarter, challenges that have arisen, what the next activities according to the project plan are, and how these next activities are amended to address arising challenges. The report is in text form, so the text may include operational figures, ratios, financial information, etc.
2. **Annual Financial Report:** in the financial report, the project partners report how much of the project budget (which is defined in the project agreement) is used and how much is still needed to accomplish the intended project activities as agreed in the agreement. Therewith, the report shows input deviations from the original project plan and the report covers backward- as well as forward-looking aspects.
3. **Annual Operational Report:** with the operational report, project managers list what outputs have been achieved (e.g. how many trees of what species have been planted in which plantation sites). Comparing the operational report with the project agreements reveals shortcomings in terms of project execution (compared to the project proposal) and thus it offers opportunities for learning and improving project approaches. Shortcomings must be compensated in the following year.

The following figures show examples of these reports.

Quarterly Status Report

Template for project managers

Quarterly report to Foundation Green Ethiopia

Woreda:
Project name:.....
Responsible person / name:.....

Year:
Quarter:
from (date).....
to (date).....

Status report for the project

1. Most important activities in the last quarter:

.....
.....
.....
.....

2. Potential problems?

.....
.....
.....

3. Next activities, next steps

.....
.....
.....
.....

4. Special remarks, questions?

.....
.....
.....
.....

Date: Signature:.....

This report is to be sent quarterly to:
Foundation Green Ethiopia, P.O. Box 171, CH-8405 Winterthur, Switzerland by e-Mail
"info@greenethiopia.org "or by fax: Foundation Green Ethiopia, Nr. 0041 52 232 34 14

Figure 37: Quarterly Status Report (Foundation Green Ethiopia)

Annual Financial Report

Example of an annual financial report for a donkey project (see appendix XXVII) at Boreda, Gerado & Dengego communities in the Oromia region of Ethiopia.

Yearly Financial Accomplishments Reports

- Name of implementing Agency : Akaki woreda * Project Period : 18 Months (2011-2012)

Agricultural Office

- Project title :- Donkeys Provision * Project budget = 160594.1
- Fisica Year : 2011-2012 * Donor : GET
- Project location : Boreta , Gerado & Dengego * Project beneficiaries : 850 (Hs)
- Region : Oromia
- Zone : Special Zone A rounding Finfinne
- Distirict : Akaki

No	Budget Description	Plan of Budget for the project life	Accomplishment		Remaining balance	Remarks
			In Ng	By %		
1	Donkeys	105,000.00	113,400.00			8,400.00 Birr shift from Contingency
2	Saddle cost	7,000.00	7,000.00			
3	Water tank (fetching) cost	7,000.00	5,644.00		1356.00	
4	Training	16,349.10	15,470.00		879.10	
5	Perdium cost	5,400.00	5,400.00		-	
6	Fuel & oil cost	5,400.00	5,400.00		-	
	Transportation	-	5,310		-	5,310.00 Birr shift from Contingency
7	Sub- total	146,149.10				
8	Contingency	14,445.00			735.00	
9	Total net cost	160,594.10	157,624.00		2970.10	13710.00 Birr shift from Contingency

Prepared by:

Approved by

Name Tesfu Lemma

Name: Bekele Bavisa

Position :- Forest Development Expert

Position: Process Owner of Natural Resources Department

Signature: 

Signature: 

Date: 23/08/2012

Date: 23/08/2012

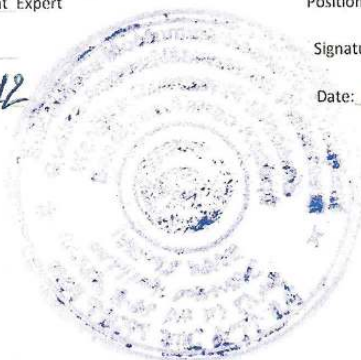


Figure 38: Annual Financial Report for Donkey Project (Foundation Green Ethiopia)

Annual Operational Report

Example of an annual financial report for an afforestation project (see appendix XXVII) at Bischoftu community in the Oromia region of Ethiopia.

Foundation Green Ethiopia

No	Tree Species	Sites					Total seedlings by species
		Girmi	Lemlem Chefe	Shola Manze	Choba	Habru Miti	
1	Acc. Saligina	44,776	52,236	17,850	22,388	13,432	150,682
2	Sesbania sesban	29,850	34,825	11,900	14,925	8,955	100,455
3	Acc. Decurane	37,312	43,531	14,875	18,656	2,240	116,614
4	Giraviliya Robusta	14,925	17,413	5,950	7,463	2,200	47,951
5	Milia Azedarch	7,463	8,707	2,975	3,732	6,716	29,593
6	Jacaranda Mimasphlia	7,462	8,706.2	3,000	3,731	2,238	25,137
7	Casurina equistifolia	7,462	8,706.2	2,975	3,730	8,955	31,828
	Total hactar by plantation sites	14.9	17.4	6	7.4	4.4	502,260 50.1



Figure 39: Annual Operational Report for Afforestation Project (Foundation Green Ethiopia)

Example of an annual operational report for a donkey project (see appendix XXVII) at Boreda, Gerado, and Dengego communities in the Oromia region of Ethiopia.

Physical Donkeys Provision reports

- Name of implementing Agency : Akaki woreda * Project Period : 18 Months (2011-2012)
- Agricultural Office
- Project title :- Donkeys Provision * Project budget = 160594.1
- Fisica Year : 2011-2012 * Donor : GET
- Project location : Boreda , Gerado & Dengego * Project beneficiaries : 850 (Hs)
- Region : Oromia
- Zone : Special Zone A rounding Finfinne
- Distirict : Akaki

No	Major activities	Unit	Plan for the project life	Achievement		Remarks
				In No	By %	
1	Provide donkeys	No	100	70	70	The plan to provide Donkeys were 100, but due to the price of Donkey increased only 70 Donkeys are Purchased
2	Provide saddle	"	100	70	70	
3	Preparing bedding	"	200	140	70	
4	Training	"	114	96	84.21	
4.1	Poor women		100	70	70	
4.2	DA		9	9	100	
4.3	Experts		2	5	-	
4.4	Kebele leaders		3	12	-	
5	Jarken supply (20Lit.)	No	200	140	70	
6	Monitoring & Evaluation	Event				
6.1	Monitoring		18	18	100	
6.2	Evaluation		6	6	100	
6.3	Reporting		6	4	66.7	

Prepared by:

Name : Tesfu Lemma

Position : Forest Development Expert

Signature: 

Date: 23/08/2012

Approved by:

Name: Bekele Bayisa

Position : Process Owner of Natural Resources Department

Signature: 

Date: 23/08/2012

Figure 40: Annual Operational Report for Donkey Project (Foundation Green Ethiopia)

Appendix XXXIII: Selected NPO-related Performance Management Models

This appendix first assesses particularities of NGOs, development aid, project orientation, project portfolio, and performance measurement requirements and therefrom derives 18 criteria that are used to assess four performance management models regarding their applicability for development aid NGOs. The four performance management models are: Three Level Model and NPO Effectiveness Assessment Matrix, Logical Framework, Logic Model, and Balanced Scorecard. This assessment reveals which performance management model best addresses which criteria. After the assessment of the performance management models regarding the 18 assessment criteria, the four models are also analyzed regarding their applicability for single-loop and double-loop learning.

1 Assessment Criteria for Performance Management Models

Before discussing different performance management models that contribute to the Sustainability Measurement Framework, this paragraph defines the criteria to assess the performance management models. The criteria are derived from the particularities and risks of NGOs, from development aid, from project work and managing project portfolios, as well as from performance measurement requirements of NGOs. Each of the selected performance management models is assessed regarding each of the criteria on a five level scale ranging from ‘easy to implement’ or ‘easy to accomplish’ (i.e. strength or advantage of the model in the context of NGOs that implement complex and risky development aid projects) to ‘difficult to implement’ or ‘difficult to accomplish’ (i.e. weakness or disadvantage of the model). The strengths, weaknesses, advantages and disadvantages of different models guide the design and content of the Sustainability Measurement Framework.

1.1 Assessment criteria derived from particularities of NGOs

The first group of particularities and requirements that the performance management models are assessed against is related to the particularities of NGOs. The most significant particularities include the magnitude and diversity of stakeholders (see paragraph 2.2.4.2) as well as the tension between employees and volunteers (see paragraph 2.2.5.3). These particularities lead to the criteria for ***broad communication*** of information, including clarity who does receive what information when, by whom and in what format, as well as who is responsible to deliver what information when, to whom and in what format (i.e. information responsibility, see paragraph 2.2.5.3). A second criteria derived from stakeholders is that the model must support being applied at ***different organizational levels and for different***

groups of stakeholders, i.e. the model does not only follow a one-size-fits all approach but allows for adaptations and adjustments for different stakeholders (e.g. providing general as well as specific information and providing it for a single project only, for a group of projects, or for the overall organizational capacity) without requiring an entirely new model to be used. A further particularity is that NGOs lose customers, i.e. the beneficiaries shall become self-sufficient, and therefore the NGO must constantly adapt itself, i.e. find new beneficiaries for the existing services or offer new services to existing beneficiaries. Therefore, the performance management models for NGOs must be ***designed for improvement and adaptations***, i.e. the model must allow being improved and adapted in parallel to the adaptations that apply for the NGO. The last particularity rooted in the NGO itself is the resource-scarcity, including the publicly accepted level of administrative costs (see appendix XVIII). This particularity leads to the following three requirements for performance management models: first, the performance management models must allow for a ***step-by-step implementation*** to phase efforts according to the availability of resources as well as to the awareness and readiness of employees, volunteers, beneficiaries and potentially other stakeholders. Additionally, a ***broad knowledge base*** should be available for the respective performance management models, mainly best practices, examples and literature so learning from experience possible instead of spending resources on riding learning curves as first mover. And thirdly, the model must easily integrate with existing managerial, organizational and leadership undertakings, especially with existing performance measurement tools. Such ***integration with existing undertakings*** allows reusing what has been achieved before instead of implementing a series of follow-up initiatives.

1.2 Assessment criteria derived from development aid

A second group of particularities and requirements that the performance management models are assessed against is related to development aid. First of all, the understanding of sustainability must follow a sustainable development approach (instead of viewing sustainability as a standard that must be reached), i.e. NGOs must constantly review and if necessary adapt their undertakings regarding environmental, social and economic aspects (within the project phases as well as for subsequent projects). The resulting requirement for the models is to focus on ongoing ***sustainable development*** instead of aiming to reach a fixed, predefined sustainability standard. A second particularity related to development aid is the existence of inherent assumptions and consequently cause-effect chains. These assumptions require the performance management models to explicitly and transparently ***express cause-effect relations***, including related assumptions and external conditions. Finally, development aid takes place in an environment of simple infrastructure and

potentially inexperienced partners and beneficiaries who shall participate in the initiatives. These particularities lead to the requirements of *easy data collection* (as data is the foundation of any measurement including subsequent analysis and decisions) and that the model shall be *easy to understand* regardless of social, educational as well as other backgrounds and levels of experience.

1.3 Assessment criteria derived from project orientation

The third group of particularities and requirements that the performance management models are assessed against is related to the project oriented businesses of NGOs. In terms of performance, the most prominent particularity of development aid project is the fact that the ultimate results, i.e. the impacts, are only achieved well after the project has been completed (see paragraph 2.2.5.2). While the project consumes inputs to invoke changes in people's lives, only outputs, and maybe outcomes, can be achieved during the project duration. Therefore, performance management models shall allow *assessing input to impact hierarchy*, i.e. understand which links in this hierarchy chain do work well and which do not work well, to then focus resources to what works and to fix what does not work. A second particularity relevant for performance measurement is the fact that projects have a significant level of novelty and they are new to many of the project partners. Therefore, flexibility needs to be built into the project plan (see paragraphs 2.2.6 and 2.3.4). Project management is more than just execution what has been planned, instead constant review, adjustment and re-planning is required, even if the project replicates and multiplies what has already proved to be successful (see paragraph 2.3.1). Therefore, a performance management model should support project managers for such *broad performance tasks*, including planning, implementation and execution, adjustment, re-planning, as well as review, monitoring and evaluation. Last but not least, the main objective of project managers is to keep projects in time, in budget and at quality (see appendix XV). To achieve this balance, ongoing decisions regarding the future direction of the project, i.e. if and how to change and improve the project, are necessary. Therefore, performance management models should not only focus on data collection, instead they shall also support *implementing change and improving project work*, i.e. communicating measurement results, invoke discussions, draw learning, and support decision making.

1.4 Assessment criteria derived from project portfolios

The fourth group of particularities and requirements that the performance management models are assessed against is related to the project portfolio that development aid NGOs need to manage. Development aid NGOs tend to have at any time a series of different projects, possibly being in different environments, being confronted with people from

different backgrounds, each of the projects being at a different phase, and the beneficiaries being at different stages of development, including knowledge and experience. Therefore, performance management models shall *allow different projects to be dealt with differently*, i.e. offer a certain flexibility to measure and assess projects according to their respective difference (i.e. success in an experimental project looks different than success in a multiplication project). And secondly, the types of project that are necessary for a balanced portfolio may change over time, e.g. because the environment in the developing country is changing, because best practices for development aid change, or because the understanding of sustainability is extended. Therefore, performance management models for NGOs shall allow to *easily incorporating new scientific research and own experiences*.

1.5 Assessment criteria derived from performance measurement requirements

The final group of particularities and requirements that the performance management models are assessed against is related to the performance measurement requirements of NGOs. As concluded in paragraph 2.4.5, NGOs have the following three particular requirements regarding performance measurement: first to *focus on strategic performance measurement*, especially regarding diversity of stakeholders, because operational performance measurement is not significantly different from respective tasks, tools, methodologies and approaches used for for-profit organizations, and therefore respective benchmarks and improvement approaches exist. Secondly, it should be possible to *re-use results from evaluations for fundraising*, but only selectively or with extending these results with relevant information on the applicable context and backgrounds (i.e. translating the information into fundraising messages). Thirdly, NGOs must follow an *iterative instead of a linear model of change*, and performance management models must support respective iterative measures and undertakings as reactions to lower than expected results.

1.6 Summary of assessment criteria for performance management models

After the previous paragraphs defined the assessment criteria to analyze the performance management models for development aid NGOs, paragraph 6 of this appendix summarizes these criteria into the Performance Management Model Assessment Sheet.

The following paragraphs use this assessment sheet to analyze the four selected performance management models for development aid NGOs. Each of these models is assessed regarding relevant particularities, strengths, weaknesses, advantages as well as disadvantages to then derive learning for the design and the content of the Sustainability Measurement Framework.

Group	Nr	Criteria	--	-	0	+	++
NGO	1	broad communication and information responsibility					
	2	adjustment for different organizational levels and stakeholder groups					
	3	designed for improvement and adaptation of project approaches					
	4	step-by-step implementation					
	5	broad knowledgebase and literature					
	6	integration with existing undertakings and performance measurement tools					
Development Aid	7	understand sustainability as ongoing development approach instead of a predefined standard					
	8	express cause-effect relations incl. expectations regarding assumptions and external conditions					
	9	ease of data collection					
	10	ease of understanding					
Project	11	assess input to impact hierarchy					
	12	support broad performance tasks (planning, execution, adjustment, monitoring and evaluation)					
	13	focus on change and improvement of project work instead of data collection					
Project Portfolio	14	allow different projects to be dealt with differently					
	15	easy incorporation of new scientific research and own experiences					
Perf. Meas. requirements	16	support strategic performance measurement, especially regarding diversity of stakeholders					
	17	re-use evaluation results for fundraising, but selectively or with context information					
	18	support iterative instead of linear model of change					

Table 45: Performance Management Model Assessment Sheet (own Illustration)

After having introduced the 18 assessment criteria for performance management models regarding applicability for development aid NGOs, the following paragraphs assess four performance management models with these 18 criteria. The first performance management model to be assessed is the Three Level Model and NPO Effectiveness Assessment Matrix.

2 Three Level Model and NPO Effectiveness Assessment Matrix

2.1 Description of the Model

To assess the performance of NPOs, Patricia Siebart suggests to look at the efficiency of achieving targets, with efficiency being the ratio between input and output, i.e. doing the things right⁹⁴⁷. As the Three Level Models (see figure 41) describes, efficiency is not only interlinked with effectiveness (i.e. output in regard of the organization's objectives, i.e. doing the right things), but also with productivity, and therefore all three levels (effectiveness, efficiency and productivity) must be managed in parallel⁹⁴⁸. The Three Level Model suggest that after defining the organization's objectives at level one, the executives then decide at the second level on the products and services (outputs) that the organization offers in order to achieve its objectives, including the necessary budgets (inputs) to achieve the outputs. Based on these inputs, the production processes are then derived at the third level, which consume the inputs, lead to the products (outputs) at the second level, and ultimately show the outcome at level one. While level one strives for effectiveness between objectives and outcomes (i.e. doing the right things), and level two strives for efficiency between input and output (i.e. doing the things right), the processes at level three strive for productivity, i.e. maximize the unit of process output per unit of process input. Finally, compliance and quality are external factors that influence the production processes.

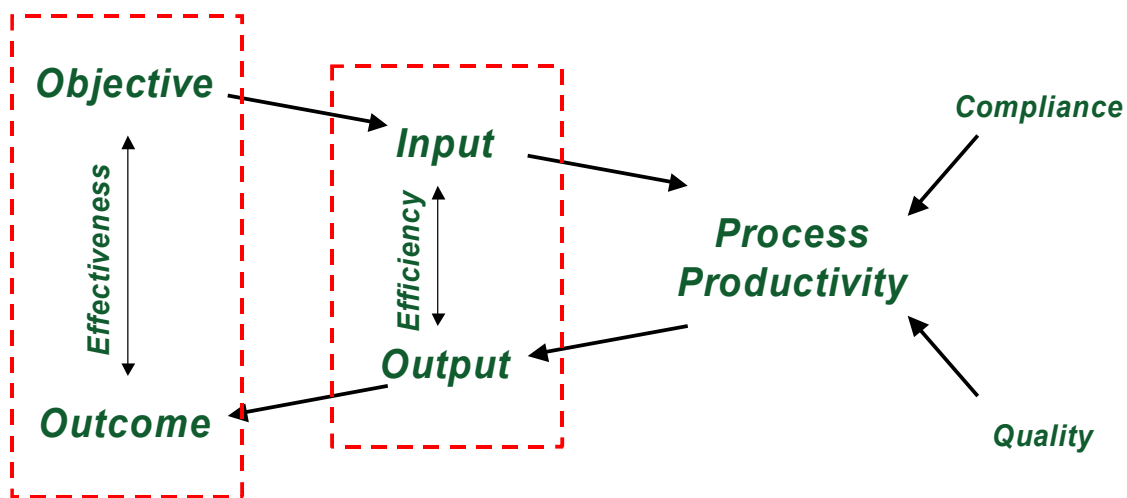


Figure 41: Three Level Model (Siebart 2006)

While according to Siebart efficiency measurement of the Three Level Model relies on monetary measures, the assessment of NPO effectiveness must also include measures regarding the products and services as well as the impact that NPOs achieves⁹⁴⁹. Looking

⁹⁴⁷ Siebart P. 2006, p. 93

⁹⁴⁸ Siebart P. 2006, pp. 93f

⁹⁴⁹ Siebart P. 2006, p. 95

for alternative assessment approaches⁹⁵⁰, she agrees that measures must use a combination of indicators⁹⁵¹, but she concludes none of the assessed approaches to offer a satisfying set of indicators. Therefore, she develops her own approach, a matrix with the first dimension being effectiveness of management versus effectiveness of programs⁹⁵², and the second dimension being capacity versus impact. For each of the four quadrants, she suggests organization-specific objective as well as subjective indicators. Therewith, the matrix consists of a balanced, comprehensive set of indicators that allow assessing an organization's effectiveness. Table 46 shows a generic version of the matrix⁹⁵³.

	Effectiveness of Management	Effectiveness of Programs
Capacity	<p><i>Objective Indicators:</i> mission statement, strategic planning, personnel planning, independent audits, and information system.</p> <p><i>Subjective Indicators:</i> survey regarding effective application and importance of the objective indicators.</p>	<p><i>Objective Indicators:</i> documentation of how objectives were achieved, and documentation of resources.</p> <p><i>Subjective Indicators:</i> assessment by employees and beneficiaries regarding programs and capacities.</p>
Impact	<p><i>Objective Indicators:</i> financial status (stability of income, level of deferrals) and employee satisfaction (ratio of new employees).</p> <p><i>Subjective Indicators:</i> management self-assessment and assessment of employee satisfaction regarding management and impact.</p>	<p><i>Objective Indicators:</i> operating figures and performance ratios (e.g. backslide ratio).</p> <p><i>Subjective Indicators:</i> assessment of programs and impact by beneficiaries.</p>

Table 46: NPO Effectiveness Assessment Matrix with generic examples of indicators (Siebart 2006)

⁹⁵⁰ Siebart reviews the following assessment approaches: Objective-based approach (if objectives are defined and translated into operational directives, the efficiency can be measured as deviation between expected and effectively achieved objectives), systems approach (multidimensional approach which not only assesses to what level the objectives are achieved, but also assesses processes, structures, and interactions with the environment), resource approach (the organization's ability to attract resources), stakeholder approach (to what extent the organization meets efficiency criteria that have previously been agreed upon with each stakeholder), and standards compliance (comply with industry best practices) (Siebart P. 2006, pp. 96ff).

⁹⁵¹ Siebart P. 2006, p. 98

⁹⁵² Siebart does not offer definitions to distinguish between programs and projects.

⁹⁵³ Siebart P. 2006, pp. 98f

With this matrix, Siebart extends the Three Level Model with subjective measures for level one. While the Three Level Model is flexible enough to allow for combinations with other approaches, Siebart unfortunately does not provide any guidance how to integrate the two models, namely how to derive the best possible indicators for the combination of the Three Level Model with the NPO Effectiveness Measurement Matrix.

2.2 Assessment and Conclusion

The following list assesses the 18 criteria of the Performance Management Model Assessment Sheet for the combination of Three Level Model and NPO Effectiveness Measurement Matrix. For each criterion the rank is provided (--, -, 0, + or ++, i.e. ranging from not applicable or very weak to fully or very strong), followed by the criteria and an explanation (see paragraph 6 of this appendix summarizes the assessments of all performance management models graphically):

1. (-) Broad communication and information responsibility: not an explicit and inherent element of the model, respective extension is possible.
2. (--) Adjustment for different organizational levels and stakeholder groups: not an explicit and inherent element of the model.
3. (0) Designed for improvement and adaptation of project approaches: both models are flexible enough to allow for adjusting indicators, however the details for adjustments (when, how, by whom, etc.) are not explicitly specified.
4. (+) Step-by-step implementation: while not an explicit and inherent element of the model, all levels of the Three Level Model and all quadrants of the NPO Effectiveness Measurement Matrix may be implemented independently and in sequence.
5. (--) Broad knowledgebase and literature: for the Three Level Model some literature is available, but for the matrix no literature is available, no guideline is given how to derive the indicators, and only one example is provided.
6. (0) Integration with existing undertakings and performance measurement tools: not an explicit and inherent element of the model, but possible (especially for the Three Level Model).
7. (-) Understand sustainability as ongoing development approach instead of a predefined standard: not an explicit and inherent element of the model, but possible by respective selection of indicators and by explicitly require feedback.
8. (-) Express cause-effect relations including expectations regarding assumptions and external conditions: cause-effects relationships are part of the Three Level Model, however assumptions are not. Missing in the matrix, but respective extension is possible.

9. (-) Ease of data collection: while not an explicit and inherent element of the model, it is possible in the Three Level Model (depending on the indicators to be selected), but unlikely for the matrix (which very likely requires surveys).
10. (-) Ease of understanding: while not an explicit and inherent element of the model, it is possible in the Three Level Model, but unlikely for the matrix.
11. (++) Assess input to impact hierarchy: explicitly in the Three Level Model and not possible in the matrix.
12. (-) Support broad performance tasks (planning, execution, adjustment, monitoring and evaluation): not an explicit and inherent element of the model, respective extension is possible.
13. (-) Focus on change and improvement of project work instead of data collection: not an explicit and inherent element of the model, respective extension is possible.
14. (-) Allow different projects to be dealt with differently: not an explicit and inherent element of the model, respective extension is possible.
15. (0) Easy incorporation of new scientific research and own experiences: possible by changing indicators, and the model as well as the matrix are flexible to adjust the indicators, however the details of such adjustments (when, how, by whom, etc.) are not explicitly specified.
16. (-) Support strategic performance measurement, especially regarding diversity of stakeholders: not an explicit and inherent element of the model, respective extension is possible for both models.
17. (-) Re-use evaluation results for fundraising, but selectively or with context information: not an explicit and inherent element of the model, respective extension is possible.
18. (--) Support iterative instead of linear model of change: the Three Level Model follows a linear model from productivity to outcome, the matrix does not imply any model of change at all.

Assessing the combination of the Three Level Model and the NPO Effectiveness Assessment Matrix with the Performance Management Model Assessment Sheet shows the models to overall only weakly address the requirements of NGOs. However, the NPO Effectiveness Assessment Matrix suggests two ideas that the Sustainability Measurement Framework will adopt. The first idea is related to also measure effectiveness at the organizational level, instead of at project and project portfolio level only. The second idea is the idea of also assessing the capacity that the NGO offers to its project managers (i.e. the structure and the frame to conduct the projects in) instead of assessing the inputs and the execution of projects only.

While the Three Level Model was not designed specifically for NPOs and its acceptance within NPOs is unclear. The next model to be discussed in the following paragraphs was specifically designed for NPOs and it is widely used by NPOs. The following paragraph discusses and assesses the Logical Framework Approach.

3 Logical Framework Approach

3.1 Description of the Model

In 1969, to discover where it was going, the U.S. Agency for International Development (USAID) commissioned an analysis of its project evaluation systems. This analysis uncovered the following three basic problems of the then used evaluation system, which were seriously hindering meaningful evaluation of projects and effective project management: planning was vague, the management responsibility was unclear, and evaluation was an adversary process⁹⁵⁴. In response to these three problems, Leon Rosberg and Lawrence Posner of Practical Concepts Incorporated architected the Logical Framework Approach (LFA)⁹⁵⁵ as a set of dynamic, related concepts, which require NPOs to develop well-designed, realistic and valuable projects⁹⁵⁶. The concepts can help to think through a project in an orderly, logical fashion and communicate clearly about the project. Therefore, the LFA is a way of organizing information and activities so that a number of different viewpoints can be simultaneously assessed and mapped into the model in a complementing, rather than an opposing fashion. This complementing of different viewpoints supports⁹⁵⁷:

- Developing a clearly stated, explicit, and measurable description of what will happen.
- Clarifying what a project manager should be responsible for to accomplish and why.
- Displaying key elements of the project design, including their relationships to each other, in a way that facilitates project analysis.
- And changing the focus of evaluation towards defining realistic future plans for projects based on available evidence. Therewith, evaluation is based on evidence and takes a future-oriented perspective, helping project managers to achieve results.

Applying the LFA to a specific project results in a matrix (called logframe), which provides a concise summary of major project elements and their relationship to each other⁹⁵⁸. The

⁹⁵⁴ IICA 1991, p. 43

⁹⁵⁵ The LFA concepts draw heavily from science and experience gained from the management of complex space age programs such as the early satellite launchings, as well as the development of the Polaris submarine. Most importantly, the concepts help to apply basic scientific methods (including hypothesis formulation and testing) to project management and they are complementary with other management tools (IICA 1991, p. 44).

⁹⁵⁶ IICA 1991, p. 44

⁹⁵⁷ IICA 1991, p. 44

⁹⁵⁸ Crawford P./Bryce P. 2003, p. 364

vertical axis of the matrix presents a hierarchy of objectives based on cause-and-effect logic (these objectives are from bottom to top: (1) inputs, (2) activities, (3) outputs, (4) outcomes / effect, and (5) goal / impact). The horizontal axis of the matrix defines the means by which project progress can be verified at each level of the objectives hierarchy (these means are from left to right: (1) indicators, (2) data sources / means of verification, and (3) assumptions / necessary conditions). These two axes result in a matrix as shown in figure 42 (including description for each box)⁹⁵⁹.

Objectives	Indicators	Data Sources / Means of Verification	Assumptions / Necessary Conditions
Goals/Impact: The sustainable development outcome expected at the end of the project. All outcomes contribute to this.	Impact Indicators: Measures the extent to which a contribution to the goal has been made. Usually complex and difficult to measure.	How data on goal achievement is to be collected.	n/a
Outcomes/Effects: The expected result of producing the planned outputs. The project hypothesis being that the combined effect of producing the outcomes will be the realization of the goal.	Effective Indicators: Measures the extent to which outcomes have been met. A function of evaluation.	How data on objective achievement is to be collected.	Assumptions concerning the outcomes-goal linkage (i.e. pre-conditions for goals).
Outputs: The direct measurable results (goods and services) of carrying out the planned activities. These are partly under project management's control.	Output / Progress Indicators: Milestones throughout the life of the project against which progress of project can be monitored.	How data on progress is to be collected.	Assumptions concerning the outputs-outcomes linkage (i.e. pre-conditions for outcomes).
Activities: The tasks carried out to implement the project and deliver the identified outputs. These are largely under project management's control.	Activity / Process Indicators: Activity schedule to monitor project progress (actual versus planned).	How data on execution of activity is to be collected.	Assumptions concerning the activity-output linkage (i.e. pre-conditions for output).
Inputs: The financial, managerial and technical resources required to carry out activities. These are directly under project management's control.	Input Indicators: Budget to monitor deployment of resources throughout the life of the project.	How data on availability of inputs is to be collected.	Assumptions concerning the input-activity linkage (i.e. pre-conditions for activities)

Figure 42: Logical Framework Approach Matrix (Crawford/Bryce 2003)

The fourth column of the logframe, assumptions and necessary conditions, indicates the degree of control that managers will have over projects. Generally, managers should have direct control over inputs, considerable control over activities, and partial control over outputs. At the outcome level, project management can expect to exert some influence, however, goal level achievements require an interaction of efficient project management,

⁹⁵⁹ Crawford P./Bryce P. 2003, p. 365

effective project design, and the accommodation of external conditions. This control at different levels can also be expressed by the notion of ‘necessary conditions’ and ‘sufficient conditions’ for project success⁹⁶⁰:

- Carrying out activities is necessary and should be sufficient to produce the required outputs, although some risks exist.
- Producing the outputs is necessary but may not be sufficient to achieve the outcomes since other factors beyond the project’s control are likely to influence outcomes.
- Meeting the project outcomes is a necessary but not a sufficient condition to reach the project’s goals since the project is only one out of a number of initiatives that may be required to address complex development issues.

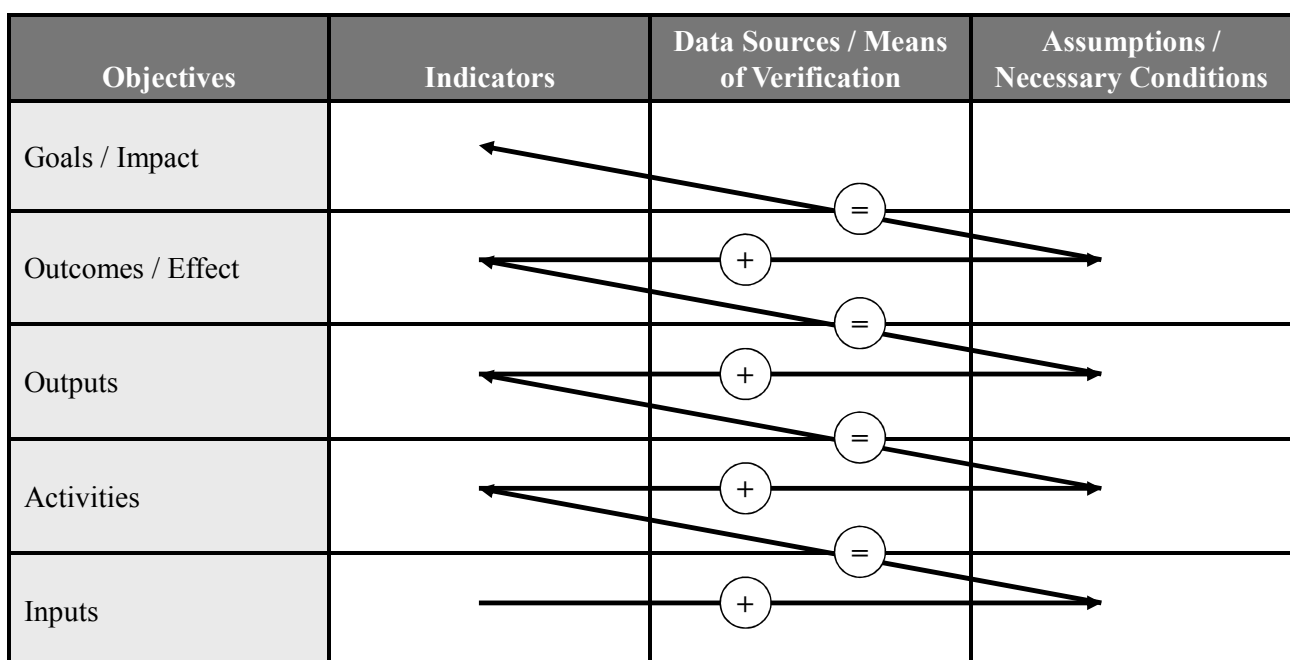


Figure 43: ‘if-then’-clauses underpinning the logframe (Crawford/Bryce 2003)

Logframes help to describe and break up the project into a chain of conditional causalities, i.e. ‘if-then’-clauses. This chain starts at the lower left of the matrix and works itself right and up to the goals level (see figure 43): if inputs are provided (with input availability being assessed with the indicators as set out in column two of the matrix, and measured with the data defined in column three of the matrix), and the input level assumptions hold true, then the activities can be undertaken (if not, further inputs have to be provided or assumptions and external conditions have to be influenced). If then the activities are undertaken and the activity-level assumptions hold true, then the project outputs will be produced. If the project outputs are achieved, and the output-level assumptions hold true, then the outcomes will be

⁹⁶⁰ Crawford P./Bryce P. 2003, p. 365

realized. And if the outcomes are realized, and the outcome-level assumptions hold true, then the goal is to be achieved⁹⁶¹.

While the wide acceptance by numerous implementing agencies as well as by many donor organizations (see paragraph 2.3.1) lends support to the underlying strength of the concept, significant critics do exist. Alnoor summarizes that the LFA shows an inherent tendency towards simplification and quantification, and it distorts accountability by overemphasizing on short-term quantitative targets, i.e. it is used for a different purpose than originally intended. This “tendency to accountancy rather than accountability” makes the LFA inadequate for monitoring and evaluating complex development interventions⁹⁶². Crawford/Bryce even take this critics regarding monitoring and evaluation one step further by concluding that using the LFA beyond the project design phase is difficult. They see the following reasons why the LFA is typically used as a design tool only and it is abandoned after project financing⁹⁶³:

- A time dimension is absent,
- Measure efficiency by assigning objectively verifiable indicators to each objective level (the second column of the logframe) is inappropriate,
- Consequently, as the indicators are inappropriate, assigning means of verification to each objective level (the third column of the logframe) is inadequate, and
- The logframe is static in nature while development projects are dynamic.

In summary, the Logical Framework Approach enjoys a high level of application and offers broad knowledge and best practices regarding application, methodology and operational particularities. However, significant critics question the LFA as comprehensive performance measurement approach.

3.2 Assessment and Conclusion

The following list assesses the 18 criteria of the Performance Management Model Assessment Sheet for the Logical Framework Approach. For each criterion the rank is provided (--, -, 0, + or ++, i.e. ranging from not applicable or very weak to fully or very strong), followed by the criteria and an explanation (paragraph 6 of this appendix summarizes the assessments of all performance management models graphically):

1. (-) Broad communication and information responsibility: not an explicit and inherent element of the model, respective extension is possible.

⁹⁶¹ Crawford P./Bryce P. 2003, p. 366

⁹⁶² Alnoor E. 2003, p. 817

⁹⁶³ Crawford P./Bryce P. 2003, p. 368

2. (-) Adjustment for different organizational levels and stakeholder groups: not an explicit and inherent element of the model, respective extension is possible
3. (+) Designed for improvement and adaptation of project approaches: the LFA must be designed for each project (or for each type of project), therewith improvements and adaptations are likely for each new project. However, searching for improvements and adaptations is not an explicit and inherent element of the model.
4. (+) Step-by-step implementation: implementation by objectives is possible, however the benefit for the NGO is limited (especially for the first objective , the input level only).
5. (++) Broad knowledgebase and literature: yes, LFAs are broadly applied.
6. (++) Integration with existing undertakings and performance measurement tools: yes, existing undertakings may be used as indicators and data sources / means of verification.
7. (0) Understand sustainability as ongoing development approach instead of a predefined standard: while the 'if-then'-clauses and the idea of additional assumptions do support sustainable development, the LFA does not require actively questioning or challenging sustainability of outcome or impact. Also, an explicit feedback loop, which is important for future improvements, is lacking.
8. (++) Express cause-effect relations including expectations regarding assumptions and external conditions: yes, through the 'if-then'-clauses and the column assumptions.
9. (-) Ease of data collection: not an explicit and inherent element of the model, but achievable with respective indicators. However, the critics mention a tendency towards accountancy, i.e. data collection in practical application seems rather extensive than easy.
10. (-) Ease of understanding: not an explicit and inherent element of the model, but achievable by using easy to understand indicators. But given the tendency towards accountability, it is questionable if the LFA still answers the questions that it was intended to be answering (therewith the resulting understanding might be easy but no longer sufficiently relevant).
11. (++) Assess input to impact hierarchy: yes, defined by the objective hierarchy.
12. (-) Support broad performance tasks (planning, execution, adjustment, monitoring and evaluation): while the model may be used for different such tasks, practical application shows a focus on planning. Furthermore, the model itself does not support such broad tasks explicitly or inherently.
13. (--) Focus on change and improvement of project work instead of data collection: not an explicit and inherent element of the model, instead the model suggests that if the assumptions hold true, the results will be met. What to do if results are not met is beyond the model.

- 14.(++) Allow different projects to be dealt with differently: project-specific LFAs are possible, and so are LFAs by project types.
- 15.(0) Easy incorporation of new scientific research and own experiences: possible by changing indicators, and the model is flexible enough to adjust the indicators, however the details of such adjustments (when, how, by whom, etc.) are not explicitly specified.
- 16.(-) Support strategic performance measurement, especially regarding diversity of stakeholders: not an explicit and inherent element of the model, using respective indicators is possible, but including stakeholder-specific indicators further increases the tendency towards accountancy (and therewith weakens the value of the LFA).
- 17.(-) Re-use evaluation results for fundraising, but selectively or with context information: not an explicit and inherent element of the model, using respective indicators is possible.
- 18.--) Support iterative instead of linear model of change: no, the 'if-then'-clauses are linear, and the model does not include feedback or learning to initiate iterative adaptations.

Despite the critics of LFA and the mediocre assessment of the above 18 criteria, the LFA offers the following three main advantages: firstly, it is widely used and therewith knowledge is broadly available. Secondly, the approach requires defining clear cause-effect chains that the NGOs see to be relevant for their work and that they work along. And thirdly, the approach requires formulating assumptions that are relevant for the specific situations.

While the LFA defines a matrix with relative explicit instruction how to navigate through the five objective levels, the next model only uses the objective levels. Therewith, the Logic Model requires that further details for each objective level are considered.

4 Logic Model

4.1 Description of the Model

The Logic Model is defined as “a picture of how your organization does its work – the theory and assumptions underlying the project. A project Logic Model links outcomes (both short- and long-term) with project activities/processes and the theoretical assumptions/principles of the program”⁹⁶⁴. The Logic Model not only allows effective evaluation by collecting, analyzing, and providing data, it also offers project stakeholders the possibility to systematically gather and use information, to learn continuously about

⁹⁶⁴ W.K. Kellogg Foundation 2004, p. III

projects, and to improve projects. Using the Logic Model results in effective programming, it offers learning opportunities, it requires documentation of outcomes, and it fosters knowledge sharing regarding what works and why⁹⁶⁵.

The Logic Model is a systematic and visual way to present and share the understanding of the relationships between the resources an organization uses to operate its projects, the planned activities, and the changes or results that it hopes to achieve (see figure 44)⁹⁶⁶.

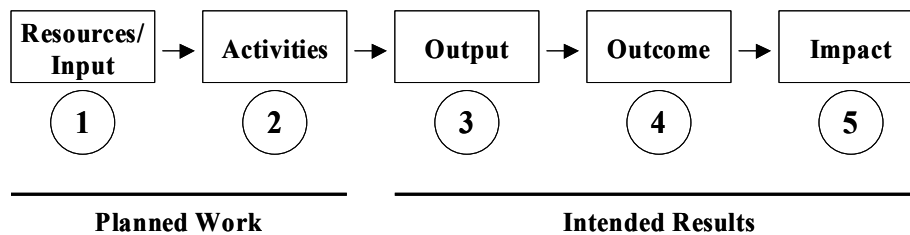


Figure 44: The Logic Model (W.K. Kellogg Foundation 2004)

The Logic Model consists of five consecutive steps which are similar to the objective levels of the LFA, and which are grouped into ‘planned work’ and ‘intended results’⁹⁶⁷:

Planned Work:

- 1) **Resources/Inputs:** human, financial, organizational, and community resources that are available to a project.
- 2) **Activities:** what the project does with the resources. The activities are the processes, tools, events, technologies and actions that are used to bring about the intended changes or results.

Intended Results:

- 3) **Outputs:** the direct products of the project activities. Output may include types, levels, and targets of products and services to be delivered by the project.
- 4) **Outcomes:** the specific changes in project participants’ behavior, knowledge, skills, status and level of functioning. Short-term outcomes should be attained within one to three years, while long-term outcomes should be achieved within a four to six year timeframe.
- 5) **Impact:** fundamental intended or unintended changes occurring in organizations, communities or systems as a result of project activities within seven to 10 years.

⁹⁶⁵ W.K. Kellogg Foundation 2004, p. 1

⁹⁶⁶ W.K. Kellogg Foundation 2004, p. 1

⁹⁶⁷ W.K. Kellogg Foundation 2004, pp. 2ff

Following these five steps, the Logic Model describes the project over time, from planning to results, by applying a chain of reasoning⁹⁶⁸. For each step, further details have to be defined for the specific project or project type, e.g. what resources are required at what amount and quality, what activities will be undertaken by whom with which preparation being necessary, what outputs are expected by when, how do intended outcomes look like and how are they going to be measured, and how will beneficiaries experience and express the impact in their lives? Therefore, the Logic Model can be seen as a roadmap describing the sequence of related events connecting the planned project activities with the project's desired results. The Logic Model therewith helps to visualize and understand how human and financial investments can contribute to achieving the intended project goals, and it can lead to project improvements⁹⁶⁹.

The benefits of using a Logic Model are that it requires system thinking and planning, it offers a flexible visualization that points out areas of strengths and weaknesses on the logical chain from resources to impact, and it allows running through many possible scenarios. The Logic Model further allows adjustments in approaches and changes of course during the development of project plans, to increase project design through ongoing assessment, review, and corrections, as well as to strategically monitor, manage, and report project outcomes throughout planning and implementation⁹⁷⁰. These benefits support a shared understanding of the project goals and methodologies, as well as clarity on assumptions and expectations regarding how and why a project will solve a particular problem of beneficiaries and generate new possibilities for beneficiaries. Such shared understanding and clarity is a prerequisite for effective evaluation and project success⁹⁷¹. Therefore, using the Logic Model throughout the project may help to organize and systematize project planning, management, and evaluation functions. In summary, the Logic Model supports projects at the following three levels⁹⁷²:

- 1) **Project design and planning**: a Logic Model serves as planning tool to develop project strategy and enhance the ability to clearly explain and illustrate project concepts and approaches. It helps crafting structure and organization, and it fosters self-evaluation based on shared understanding of what is to take place. Ideally the

⁹⁶⁸ W.K. Kellogg Foundation 2004, p. 2. Example how to read a logic model: "Step 1: certain resources are needed to operate your program. Step 2: **If** you have access to them, **then** you can use them to accomplish your planned activities. Step 3: **If** you accomplish your planned activities, **then** you will deliver the amount of product and/or service that you intended. Step 4: **If** you accomplish your planned activities to the intended extend, **then** your participants will benefit in certain ways. Step 5: **If** these benefits to participants are achieved, **then** certain changes in organizations, communities or systems might be expected to occur" (W.K. Kellogg Foundation 2004, p. 3).

⁹⁶⁹ W.K. Kellogg Foundation 2004, p. 3

⁹⁷⁰ W.K. Kellogg Foundation 2004, p. 5

⁹⁷¹ W.K. Kellogg Foundation 2004, p. 5

⁹⁷² W.K. Kellogg Foundation 2004, p. 5

design of the Logic Model builds on examination of best practice research and practitioner experience in the light of strategies and activities selected to achieve the intended results⁹⁷³.

- 2) **Project implementation:** a Logic Model forms the core of a focused management plan that helps identifying and collecting the data needed for monitoring and improving projects. Using the Logic Model during project implementation and management requires focusing energies on achieving and documenting results, as well as considering and prioritize the project aspects that are most critical for tracking and reporting, as well as making adjustments as necessary.
- 3) **Project evaluation and strategic reporting:** a Logic Model presents project information and progress towards goals in ways that inform, advocate, and teach project stakeholders⁹⁷⁴.

In summary, the Logic Model is a simple model but it requires users to think thoroughly through each of the five steps. The authors understand the Logic Model as generic model and they instruct NPO executives to consider specific details for each step of the model. The scope of these additional considerations is explicitly broad (they may include elements such as scientific results, experience, shareholder's views, learning from previous projects, documentation, etc.). Therewith, the model is simple but implicitly comprehensive. As authors do not define the necessary level of such consideration, respective suggestions or best practices remain unclear.

4.2 Assessment and Conclusion

The following list assesses the 18 criteria of the Performance Management Model Assessment Sheet for the Logic Model. For each criterion the rank is provided (--, -, 0, + or ++, i.e. ranging from not applicable or very weak to fully or very strong), followed by the criteria and an explanation (paragraph 6 of this appendix summarizes the assessments of all performance management models graphically):

1. (+) Broad communication and information responsibility: only indirectly part of the model through the combination of planning and execution approach, respective extension is possible as part of the additional considerations.
2. (0) Adjustment for different organizational levels and stakeholder groups: not an explicit and inherent element of the model, but requested by the authors during implementation.

⁹⁷³ To clarify the program theory, the following six subjects may be useful: 1) problem or issue statement, 2) community needs/assets, 3) desired results (outputs, outcomes and impacts), 4) influential factors, 5) strategies, and 6) assumptions (W.K. Kellogg Foundation 2004, p. 14).

⁹⁷⁴ To clarify the program evaluation questions and indicators, the following six subjects may be useful: 1) focus areas, 2) audience, 3) questions, 4) information use, 5) indicators, and 6) technical assistance (W.K. Kellogg Foundation 2004, p. 14).

3. (+) Designed for improvement and adaptation of project approaches: only indirectly part of the model through the combination of planning and execution approach.
4. (0) Step-by-step implementation: in theory a step-by-step implementation is possible, but given the interrelated character of the five steps it is not advisable. But for each of the five steps the level of detail and complexity may be increased over time (i.e. step-by-step).
5. (--) Broad knowledgebase and literature: while many organizations seem to adopt the fundamental ideas of the model, not much specific knowledge and literature regarding best practices or implementation guidelines exists.
6. (++) Integration with existing undertakings and performance measurement tools: the model explicitly requires additional consideration for each of the five steps, and the model is open regarding what tools and approaches to use for these considerations.
7. (+) Understand sustainability as ongoing development approach instead of a predefined standard: not an explicit and inherent element of the model, but planning as well as adjustments during execution are explicitly required, and so are critical reviews of the model (but such reviews of the model itself are not further specified or described).
8. (++) Express cause-effect relations including expectations regarding assumptions and external conditions: explicitly part of the model, during planning as well as during execution.
9. (0) Ease of data collection: the model itself does not define what data to collect, but it does require additional considerations (e.g. which performance measurement approaches to use). While these additional considerations may lead to easy data collection, the authors do not explicitly require or suggest so.
10. (+) Ease of understanding: the model itself is easy to understand (maybe the additional considerations are not). And the model is flexible enough to allow for easy to understand considerations and details.
11. (++) Assess input to impact hierarchy: the model explicitly follows such a hierarchy.
12. (+) Support broad performance tasks (planning, execution, adjustment, monitoring and evaluation): the model explicitly supports such broad tasks by requiring to be applied for planning (from right to left) as well as for execution (from left to right).
13. (+) Focus on change and improvement of project work instead of data collection: not an explicit and inherent element of the model, but requested by the authors as part of the additional considerations.
14. (++) Allow different projects to be dealt with differently: project-specific Logic Models are possible, so are Logic Models by project types.

- 15.(+) Easy incorporation of new scientific research and own experiences: planning from right to left does explicitly require to incorporate new scientific research as well as experiences from a broad range of sources.
- 16.(+) Support strategic performance measurement, especially regarding diversity of stakeholders: not an explicit and inherent element of the model, but requested by the authors as part of the additional considerations.
- 17.(+) Re-use evaluation results for fundraising, but selectively or with context information: not an explicit and inherent element of the model, but requested by the authors as part of the additional considerations.
- 18.(+) Support iterative instead of linear model of change: not an explicit and inherent element of the model, but requested by the authors as part of the additional considerations.

The main strengths of the Logic Model are first the clear cause-effect chain that the NGO has to define and which serves as the structure for any discussion and decision (and which allows to build an NGO-specific or even project-specific development aid logic). Secondly, its simplicity allows keeping each step limited (i.e. time- and resource-efficient), however the model is flexible enough to expand the complexity of each step and the applicable additional considerations as required (i.e. apply additional performance measurement tools, engage additional surveys, etc.). And thirdly the model can be used for planning (from right to left) as well as for measuring project status and results (from left to right). Compared to the LFA, the assessment of the Logic Model is significantly higher (average value of 3.9 compared to 3.1). This positive assessment is mainly rooted in the fact that the Logical Model explicitly requires to incorporate additional considerations (i.e. approaches, tools and methodologies). Being based on the assumption that NGOs are highly professional (see paragraphs 2.2.4 and 2.2.5), i.e. the NGO is experienced in addressing challenges with a great level of flexibility and applying NGOs- as well as project-specific elements, the idea of additional considerations and the resulting implementation flexibility is considered to be an advantage.

While the previous three models were specifically designed for NPOs, the last performance management model to be assessed originates from the for-profit sector: the Balanced Scorecard. After a short introduction of the Balanced Scorecard, different adaptations for NPOs are discussed.

5 Balanced Scorecard

5.1 Description of the Model

Robert Kaplan and David Norton introduced the Balanced Scorecard in 1996. It requires organizations to define measures for the following four perspectives based on their strategy: innovation/learning, internal processes, customers, and finance⁹⁷⁵. Kaplan/Norton suggest using about five measures for each perspective. And these measures should be broad in nature, i.e. combining financial, non-financial, short-term relevant, long-term oriented, outside-looking (market facing) as well as internal (process oriented) measures and indicators⁹⁷⁶. Thanks to this integrated approach, the Balanced Scorecard allows to balance different trade-offs that executives need to manage, such as⁹⁷⁷:

- Short-term financial success versus long-term market opportunities and competition.
- Measuring results versus measuring causes that influence or lead to the respective results.
- And objective versus subjective measures.

While other models use similar approaches, the success of the Balanced Scorecard may be rooted in two additional aspects that it incorporates⁹⁷⁸. First, the Balanced Scorecard not only requires to define measures, it requires to also define target levels for each measure as well as action to be taken in case that the measured value is below the target level. Therefore, each of the four dimensions not only holds five measures, it also holds effective values for each measure, target values, and predefined actions to be taken in case of deviations (in order for these actions to be effective and efficient, the measures of each dimension must be the ones that best represent the respective business)⁹⁷⁹. And secondly, Kaplan/Norton require that the measures to be selected for each dimension can be linked together across all four dimensions through a cause-effect chain (i.e. through ‘if-then’-statements)⁹⁸⁰.

Since the initial publication, many authors have built on the ideas of the Balanced Scorecard and it is widely used in businesses (according to Paul Niven, more than half of the Fortune

⁹⁷⁵ Kaplan R./Norton D. 1996, pp. 8ff

⁹⁷⁶ Kaplan R./Norton D. 1996, pp. 7f

⁹⁷⁷ Kaplan R./Norton D. 1996, p. 25

⁹⁷⁸ Kaplan R./Norton D. 1996, pp. 30f

⁹⁷⁹ Kaplan R./Norton D. 1996, p. 9

⁹⁸⁰ Kaplan R./Norton D. 1996, pp. 30f. A generic example of such a chain is: if an organization increases employee’s know-how (innovation and learning dimension), then it enjoys higher process quality and reduced cycle times (internal processes dimension), which then leads to on-time delivery and customer retention (customer dimension), which then increases profitability through reduced cost for rework, higher sales and reduced customer acquisition costs (finance dimension) (Kaplan R./Norton D. 1996, pp. 30f.).

1000 organizations have adopted the Balanced Scorecard by 2003)⁹⁸¹. While the Balanced Scorecard is a success for businesses, the next paragraphs look at adaptations of the model for NPOs.

5.2 Adaptations for NPOs

Different authors suggest adaptation of the Balanced Scorecard to the specifics of NPOs, but unfortunately none of them does so specifically for NGOs. The suggestions vary according to what the respective author tries to achieve as well as to the underlying NPO model. The following paragraphs introduce three such adaptations and evaluate them regarding the Sustainability Measurement Framework for development aid NGOs.

Maria Bono, describing social NPOs and public private partnerships, i.e. governments contracting out the implementation of their duties to NPOs, sees the Balanced Scorecard as ideal instrument to turn the objectives and the contractual obligations into operational reality. The main two advantages of the Balanced Scorecard are that it allows integrating strategy with implementation and control, and secondly that it supports measures and decisions beyond the financial perspective⁹⁸². However, in order to successfully apply the Balanced Scorecard to NPOs, the following three adaptations are necessary⁹⁸³:

- Contractual obligations and customers need to be separated into two distinct dimensions (i.e. separation of beneficiaries and funding, see paragraph 2.2.5.4).
- Finance dimension shall not enjoy major focus, rather it is a background function and i.e. the NPO should focus on effectiveness instead of profit and equity.
- And the process dimension needs to incorporate the fact that NPOs are largely dependent on external effects and it shall offer some flexibility regarding how external effects do affect the processes as well as regarding actions to be taken upon changes in external factors.

Besides supporting the application of the Balanced Scorecard for NPOs, Bono also sees two limitations. Her first concern is that decision regarding perspectives, success factors and the respective priorities are difficult to achieve in NPOs. Therewith, managing through the Balanced Scorecard design phase is difficult. And secondly, implementation is a challenge. Not only because engagement for administrative tasks is difficult to achieve in NPOs, but also because NPOs tend to strive for perfect solutions, which might limit the chances that the Balanced Scorecard ever leaves the design stage⁹⁸⁴.

⁹⁸¹ Niven P. 2003, p. 12

⁹⁸² Bono M. 2006, pp. 88f

⁹⁸³ Bono M. 2006, pp. 89ff

⁹⁸⁴ Bono M. 2006, pp. 110f

Paul Niven looks at existing examples how the Balanced Scorecard has been used outside of for-profit organizations. His work is focused on how governmental agencies and nonprofit organizations have used the Balanced Scorecard to implement strategy. Concluding his analysis, he is convinced that the Balanced Scorecard is well equipped to facilitate a rapid and dramatic transfer of NPOs in the same way as it has risen to the performance measurement challenge of the private sector⁹⁸⁵. However, to accommodate the particularities of NPOs, Niven suggests the following three amendments⁹⁸⁶:

- The places of the customer dimension and the financial dimension in the Balanced Scorecard shall be changed, i.e. customers are at the top of the four dimensions and the financial dimension becomes an enabler for customer services.
- Consequently, the process dimension connects to the customer dimensions (i.e. efficient processes lead to improved outcome for customers) instead of improving financial figures as it does in the traditional Balanced Scorecard.
- And the mission moves as fifth perspective to the very top of the Balanced Scorecard.

Bono and Niven share the understanding that in the Balanced Scorecard for NPOs, the finance dimension does not enjoy the top position any more. However, while Bono sees more contextual and procedural adaptations, regardless of the structure of the Balanced Scorecard, Niven focuses mainly on structural changes to the Balanced Scorecard, giving less priority to contextual and procedural considerations.

And finally Robert Kaplan, one of the initial authors of the traditional Balanced Scorecard, suggests adaptation of the Balanced Scorecard for NPOs as shown in figure 45⁹⁸⁷. While the respective adaptations by Kaplan may be understood as minor shifts of dimensions (innovation at the button, contributing to business processes, these contributing to both customers and financials, and these two finally contributing to the mission), the suggested changes do root deeper. First of all, the NPO-Balanced Scorecard uses questions to describe each dimension (i.e. ‘To satisfy customers, financial donors, and mission, at which business process must we excel?’ instead of simply using the term ‘business process’). Secondly, these questions are outside-oriented (i.e. ‘to achieve our vision, how must we look to our customers/recipients?’) instead of the organization defining the preferable market and customer segments itself. Finally, the financial dimension is much more general and it

⁹⁸⁵ Niven P. 2003, p. 32

⁹⁸⁶ Niven P. 2003, pp. 33ff

⁹⁸⁷ Kaplan R. 2001, p. 361

extends to potentially any measure or judgment that financial donors require (i.e. ‘If we succeed, how will we look to our financial donors?’). Summarizing these three findings, the NPO-Balanced Scorecard does accommodate different particularities of NGOs, especially focusing on the mission to change people’s lives, using questions to put the organizations into the shoes of these peoples whose lives shall be changed, and taking an outside orientation.

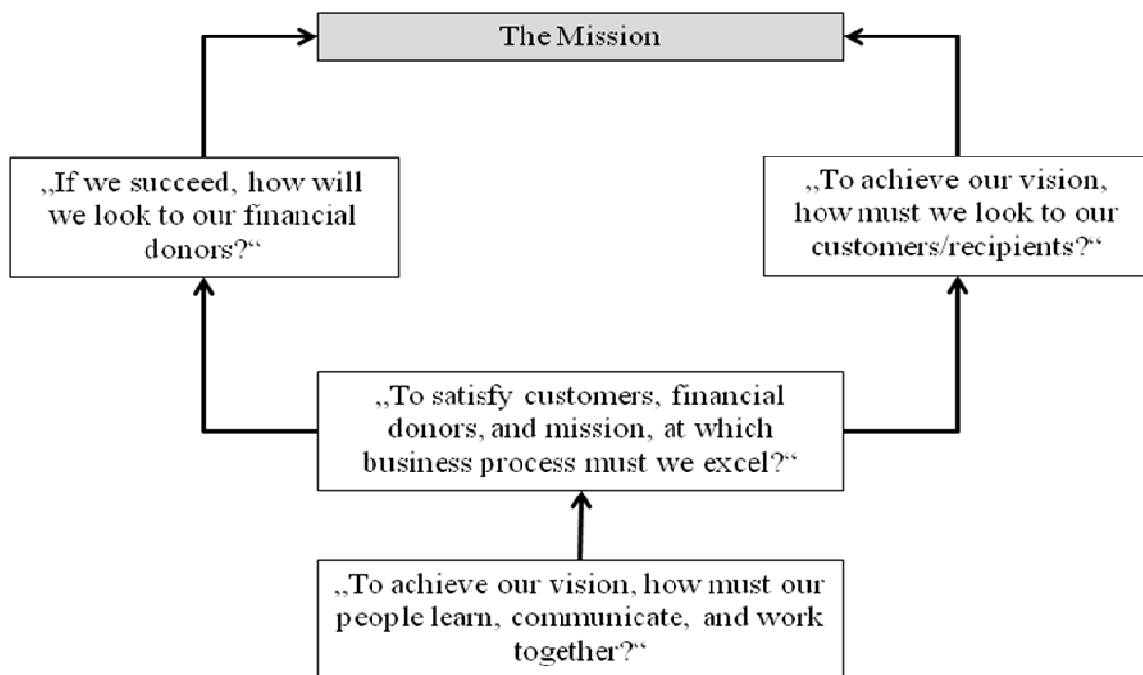


Figure 45: NPO-Balanced Scorecard (Kaplan 2001)

While the NPO-Balanced Scorecard does, according to Kaplan, accommodate many particularities of NGOs, it explicitly focuses only on the stakeholders customers/recipients and financial donors, potentially also on additional shareholders as and if defined in the mission. Therewith, it does not directly and explicitly address the particularity that NGOs have many stakeholders (and all of them have the potential to influence the NGO significantly, see paragraphs 2.2.4.2 and appendix IX), and NGOs may choose to extend the measures to accommodate additional stakeholders.

5.3 Assessment and Conclusion

The following list assesses the 18 criteria of the Performance Management Model Assessment Sheet for the NPO-Balanced Scorecard. For each criterion the rank is provided (--, -, 0, + or ++, i.e. ranging from not applicable or very weak to fully or very strong),

followed by the criteria and an explanation (paragraph 6 of this appendix summarizes the assessments of all performance management models graphically):

1. (+) Broad communication and information responsibility: not an explicit and inherent element of the model, but the model is flexible enough to allow for such broad communication and information responsibility.
2. (-) Adjustment for different organizational levels and stakeholder groups: while some level- or stakeholder-specific measures are possible, generally new scorecards are required for different organizational levels or stakeholder groups.
3. (-) Designed for improvement and adaptation of project approaches: while adaptations are possible to a certain extent, the model builds on stable cause-effect chains across all dimensions and respective measures. Adjustments of cause-effect chains and measures (when, how, by whom, etc.) are not explicitly specified.
4. (+) Step-by-step implementation: step-by-step implementation of measures or of dimensions is possible, however such an approach is only advisable after all applicable cause-effect chains have been defined, i.e. a significant part of the implementation work has to be completed.
5. (++) Broad knowledgebase and literature: given its broad adaptation in for-profit organizations respective knowledge and literature is widely available.
6. (+) Integration with existing undertakings and performance measurement tools: measures (including target levels and actions in case of deviations) may be easily taken from other undertakings or tools. Also re-use of cause-effect chains (if existing) is possible, but only if they are in alignment with the dimensions and the cause-effect chains that are developed from the mission statement during implementation of the NPO-Balanced Scorecard.
7. (-) Understand sustainability as ongoing development approach instead of a predefined standard: the static cause-effect chains and respective measures can be understood as standard to be met. Adjustments of cause-effect chains and measures (when, how, by whom, etc.) are not explicitly specified.
8. (++) Express cause-effect relations including expectations regarding assumptions and external conditions: The cause-effect chain is one of the distinct characteristics and strengths of the NPO-Balanced Scorecard.
9. (0) Ease of data collection: The ease of data collection depends on the measures to be selected. While the model does not include any guideline on data collection, the cause-effect chains may tend to measure complex underlying facts, which might be neither obvious nor easy to measure.

10. (+) Ease of understanding: While the cause-effect chain provide solid reasons for what to measure and why, is might still be complex to understand the details how the learning dimension contributes through several steps to the mission of the NGO.
11. (+) Assess input to impact hierarchy: while the cause-effect chain can be seen as a certain hierarchy, the NPO-Balanced Scorecard does not explicitly call for looking at impact and measure it after termination of the project. However, one advantage of the cause-effect chain is the clear assumption that if the target level of a measure at the lower dimensions is not met, meeting the target level of the higher dimensions is at risk.
12. (0) Support broad performance tasks (planning, execution, adjustment, monitoring and evaluation): While none of the authors discusses to use the NPO-Balanced Scorecard for planning purposes, it seems possible to think through a project using the cause-effect chains and measures at the planning stage. Nevertheless, the model does not explicitly or implicitly require or serve such broad performance tasks.
13. (++) Focus on change and improvement of project work instead of data collection: with the cause-effect chains and the requirement for pre-defined actions for cases of measurement deviations, the NPO-Balanced Scorecard shows a strong focus on achieving and improving performance levels.
14. (-) Allow different projects to be dealt with differently: while some project-specific measures are possible, generally new NPO-Balanced Scorecard are required for different projects in order to deal with them differently.
15. (-) Easy incorporation of new scientific research and own experiences: while broad information is required during the design of the cause-effect chains and the implementation of the NPO-Balanced Scorecard, later adjustments of cause-effect chains and measures (when, how, by whom, etc.) are not explicitly specified.
16. (0) Support strategic performance measurement, especially regarding diversity of stakeholders: while the NPO-Balanced Scorecard includes a strong focus on strategy (having the mission as ultimate performance dimension), the model can only indirectly address the diversity of stakeholders (by implementing multiple scorecards).
17. (+) Re-use evaluation results for fundraising, but selectively or with context information: not an explicit and inherent element of the model, respective extension is possible.
18. (0) Support iterative instead of linear model of change: in general the cause-effect chains (i.e. what is measured to assess the performance of bringing change to people's lives) are linear. However, iterative approaches are possible by pre-defining iterative actions to be taken in cases of deviations, but such iterations are not an explicit and inherent element of the model.

In summary, the NPO-Balanced Scorecard is a strong performance management approach. Especially the cause-effect chains as well as the predefined actions to be taken in cases of deviations are strong elements to direct a development aid NGO to where the results are. However, it only offers little project-orientation (apart from designing a separate NPO-Balanced Scorecard for each project or project type, which seems beyond the capacity of resource-scarce development aid NGOs), and there is little explicit support for feedback, learning and adjustment of project approaches. The Sustainability Measurement Framework will incorporate the idea of cause-effect chains (which seem to be more detailed than the relatively general input to impact hierarchy form e.g. the Logic Model) and open communication of expected target levels of measurements.

Having analyzed the four performance management models with the Performance Management Model Assessment Sheet, the following paragraphs compare the four assessment results and conclude design and content elements for the Sustainability Measurement Framework.

6 Summary Assessment of selected Performance Management Models

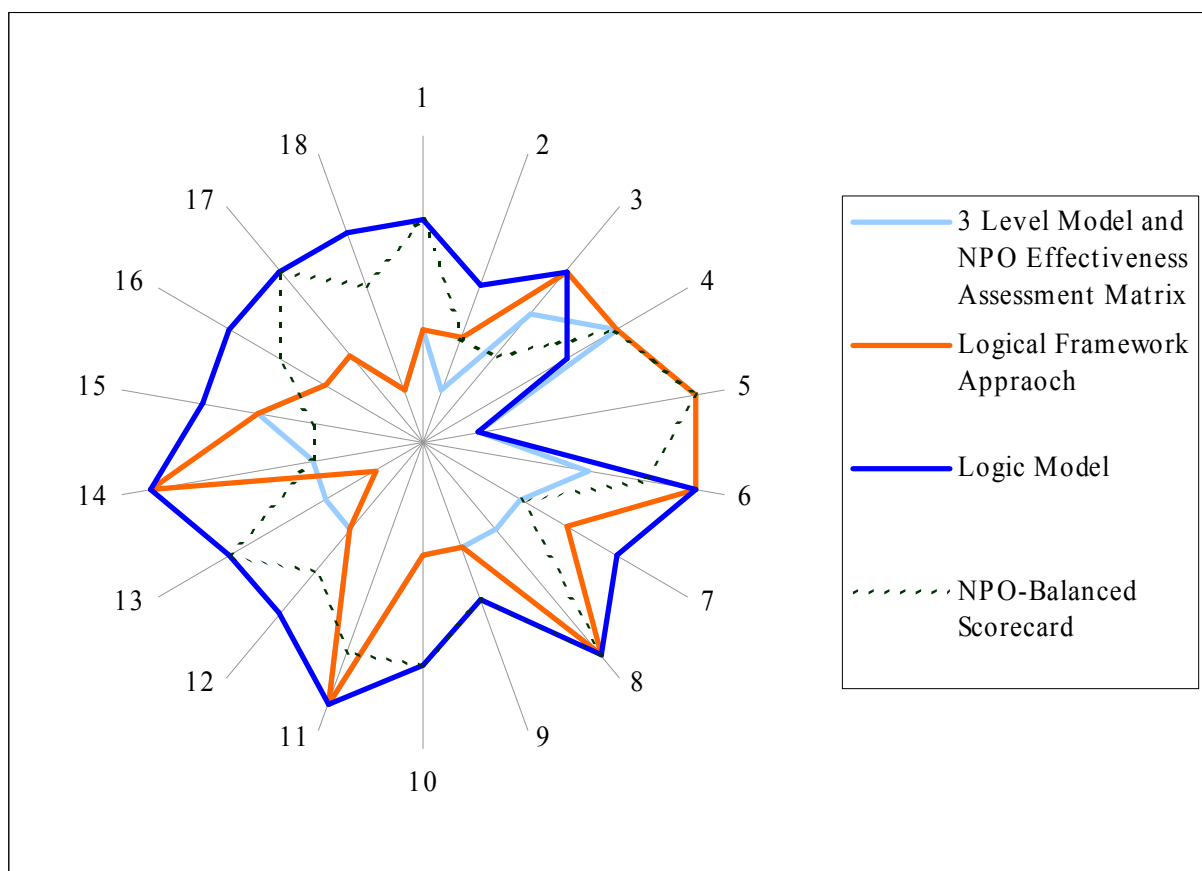
After the previous paragraphs have analyzed different NPO-related performance management models regarding the assessment criteria defined for development aid NGOs (paragraph 1 of this appendix), the following paragraphs summarize these analyses.

Figure 46 shows the assessment results for the four performance management models regarding the 18 assessment criteria⁹⁸⁸. Values closer to the center of the graph indicate weak support of the respective criteria.

In summary, the graph suggests the Logic Model to be superior to all the other models, except for criteria 4 and 5 (step-by-step implementation being possible and broad knowledgebase and literature to exist). This superiority is largely rooted in the simplicity of the model and the thereof arising flexibility, as well as the requirement for detailed design and additional considerations during implementation, including ongoing adjustments. The disadvantage of this simplicity and flexibility is that significant efforts are required to implement the Logic Model by working through the required additional considerations (see paragraph 4.1 of this appendix). This disadvantage is mirrored in the low ranking of the

⁹⁸⁸ See paragraph 1 of this appendix for further details of the assessment criteria, and paragraphs 2, 3, 4, and 5 of this appendix for description and analysis of each of the models.

Logic Model regarding criteria four and five: before applying the model and enjoying the respective benefits, the NGO must work through all organization-specific considerations that the flexibility requires, with little knowledge and literature to build upon and to turn to for further support. Without this preparation work, the model is potentially of little value only. While the simplicity and the flexibility of the Logic Model entails significant work and requires considerable resources, the model is also flexible enough to start with relative simple considerations, and further detail the considerations on subsequent applications of the models (e.g. for subsequent projects). Therewith, the simplicity and flexibility of the Logic Model still seems to be an overall advantage for development aid NGOs and it seems possible for the NGOs to circumnavigate the potential disadvantages.



**Figure 46: Summary Assessments of Performance Management Models
(own Illustration)**

The assessment of the four performance management models suggests the following elements to be included in the Sustainability Measurement Framework:

- The framework shall require **cause-effect chains** to be the basis for projects and activities. While the framework itself must not necessarily follow such chains, it shall ensure that the projects, the project portfolios, the NGO as a whole as well as the

fundraising activities do follow such chains (derived from the LFA, Logic Model and NPO-Balanced Scorecard).

- The framework shall ensure that the projects, the project portfolio, the NGO as a whole, as well as the fundraising activities do formulate and constantly assess underlying **assumptions and external conditions** (derived from the LFA and Logic Model).
- The framework shall balance **simplicity and flexibility**. The simplicity requires that each element of the framework may be achieved with little effort (i.e. time- and resource-efficient) but expanding the respective complexity must be possible. The flexibility not only allows drawing from different sources when increasing the details and complexity of an element, it also allows to build on a wide range of ideas as well as to incorporate learning (derived from the Logic Model).
- The framework shall allow for **existing knowledge** and literature to be incorporated, re-used and leveraged when defining the details of the framework (derived from the LFA and NPO-Balanced Scorecard).
- The framework shall hold elements that can be used **for planning as well as for monitoring**, i.e. to design projects, project approaches and project portfolio, as well as for measuring project status and results, to then influence and adjust subsequent project phases, projects and potentially also the NGO's objectives (derived from the Logic Model).
- The framework shall include **predefined actions** (that must be taken in cases of deviations between expected and effective measurement levels). Such predefined actions, coupled with open communication as well as feedback and learning for finding the most promising approaches to increase performance and sustainability, support transparency for stakeholder (derived from the NPO-Balanced Scorecard). While the framework itself must not necessarily define such actions, it must ensure that during the course of the project, respective target levels and actions are predefined.
- None of the models includes fundraising as measurement dimension, at least not explicitly. Given the importance of fundraising to equip the projects as well as the NGO as a whole with sufficient financial resources and capacities (see paragraph 2.2.5.1 and appendix XI), the Sustainability Measurement Framework shall include a **sustainability level 'Fundraising'**. These Fundraising level considerations mirror the importance of fundraising, they support planning and evaluation of the contribution of fundraising to the overall success, and they ensure that project results roll effectively and efficiently into fundraising activities and fundraising messages (see paragraph 2.4.3.4).

Chapter 3 further describes and suggests how to apply these considerations for each combination of sustainability level and sustainability task. But first the following paragraphs conclude the discussion of performance management models by summarizing findings from the survey regarding current performance measurement approaches of development aid NGOs, including potential improvements.

7 Orientation of selected Performance Management Models regarding Single-Loop and Double-Loop Learning

After having assessed four performance management models regarding the 18 assessment criteria for performance management at development aid NGOs, the following paragraphs analyze these four performance management models regarding their applicability for single-loop and double-loop learning.

7.1 Performance Management Models and Single-Loop Learning

Based on the single-loop learning theory (see appendix XIX), the following paragraphs combines single-loop learning with the performance management models discussed in the paragraphs 2 to 5 of this appendix. They summarize to what extent each of the models supports single-loop learning.

Single-loop learning mirrors operational, project execution oriented particularities of development aid NGOs, i.e. having all projects in time, in budget and at quality including having organizational capacities available at the required level and at reasonable costs. While single-loop learning strives for efficiency, it does not question underlying assumptions and governing values. Given the scope of single-loop learning, the performance management models are analyzed regarding their support for measuring operational facts and use this information to analyze potential gaps, if necessary ride learning cycles and ensure that actions are taken to bridge the gaps, i.e. that subsequent measurement are going to be at the expected level. The analysis reveals the following results per model:

- **Three Level Model** in combination with the **NPO Effectiveness Assessment Matrix** (see paragraph 2 of this appendix): while the Three Level Model explicitly mentions productivity and efficiency to be important, neither the Three Level Model nor the NPO Effectiveness Assessment Matrix do specifically and explicitly incorporate learning approaches. Nevertheless, the Three Level Model does implicitly call for single-loop learning, e.g. to establish processes to bridge gaps between input and output. Regarding the NPO Effectiveness Assessment Matrix, the

examples offered by Siebart lack operational efficiency, and therewith it seems fair to summarize that the matrix was not intended to incorporate single-loop learning. However, given the efforts required for the suggested interviews and surveys, it is likely that the matrix is implicitly open for single-loop learning approaches.

- **Logical Framework Approach** (see paragraph 3 of this appendix): by explicitly asking for indicators as well as for data and means for verification, the logframe does implicitly support single-loop learning. However, the model does not explicitly cover actions to be taken in cases of gaps, instead it assumes that execution is according to plan (see also critics of the model in paragraph 3.1 of this appendix).
- **Logic Model** (see paragraph 4 of this appendix): as the Logic Model is generic in nature, i.e. it requires defining the details of the five boxes individually for every application, single-loop learning is not an explicit element of the model, besides that authors require for flexible adaptation of subsequent steps. But as flexibility is one of the strengths of the Logic Model, i.e. NGOs need to consider individually and specifically what is important to them, the model allows including single-loop learning and it does not favor one specific learning approach over any other learning approaches.
- **NPO-Balanced Scorecard** (see paragraph 5 of this appendix): the NPO-Balanced Scorecard is strong on single-loop learning, it clearly defines the measures, including expected results and actions to be taken in cases where effective results do not reach the expected levels.

In summary, all performance management models do support, or at least are flexible enough to incorporate, single-loop learning. However, only the NPO-Balanced Scorecard explicitly requires planning for deviations, i.e. define expected measurement levels and pre-define actions to be taken in case of deviations. For all other models, it is very much up to the executives of the applying NGO to lead employees and volunteers towards riding single-loop learning effectively and efficiently. Despite the fact that the NPO-Balanced Scorecard shows some disadvantages for development aid NGOs (see paragraph 5.3 of this appendix), the Sustainability Measurement Framework shall build on its strengths of defining target results and pre-defined actions. Therefore, the framework shall include some explicit hooks to start learning loops, as well as distinct tasks for learning. At the same time, it must still be flexible enough for situations when according to the result level no learning is necessary at all.

After having discussed the single-loop learning approach, having analyzed relevant performance management models regarding respective learning approaches, as well as

having derived learning suggestions for development aid NGOs, the following paragraphs introduce double-loop learning. This learning approach is able to mirror the assumption level decisions that development aid NGOs must take (see appendix XIX).

7.2 Performance Management Models and Double-Loop Learning

Based on the double-loop learning theory (see appendix XIX), the following paragraphs combine double-loop learning with the performance management models discussed in paragraphs 2 through 5 of this appendix. They summarize to what extent each of the models supports double-loop learning.

Double-loop learning mirrors assumption-related particularities of development aid NGOs, i.e. understand the external conditions, derive assumptions, and change the assumptions and external conditions as required. To allow for double-loop learning, the performance management model must support reviewing and questioning underlying assumptions and guiding values as well as adjusting assumptions and values in due time if necessary. The respective analysis reveals the following results for each of the model:

- **Three Level Model** in combination with the **NPO Effectiveness Assessment Matrix** (see paragraph 2 of this appendix): Looking specifically at the relation of objectives and outcome, i.e. effectiveness at level one, the Three Level Model explicitly calls for strategic assessment to be taken into consideration. If the objectives at level one do include assumptions, effectiveness does include double-loop learning (if the objectives do not include assumptions, effectiveness only includes single-loop learning at a strategic level). In a similar way, the NPO Effectiveness Assessment Matrix, especially the examples given by Siebart, give clear indication of applying double-loop learning (e.g. impact assessment by beneficiaries). However, following the idea of the double-loop learning gate, the models do not explicitly call for such gates, nor do they support development aid NGOs regarding how such gates may look like.
- **Logical Framework Approach** (see paragraph 3 of this appendix): despite the fact that the LFA does neither explicitly require for double-loop learning nor define double-loop learning gates, it does implicitly follow the idea of double-loop learning by asking for clarity on the assumption. Especially if used in combination with PMC (see paragraph 2.3.1), learning regarding assumptions is likely, but still not explicit. Nevertheless, based on the critics (see paragraph 3.1 of this appendix), the LFA seems to have failed in practice to engage significant double-loop learning.
- **Logic Model** (see paragraph 4 of this appendix): given the generic approach of the Logic Model, it does not explicitly incorporate double-loop learning. However,

authors stress the respective importance, e.g. by suggesting using the model from right to left (for planning) as well as from left to right (for execution) and not separating these approaches (see paragraph 4.1 of this appendix). Nevertheless, the NGOs decide to what extent to incorporate double-loop learning, as well as how to design double-loop learning gates.

- **NPO-Balanced Scorecard** (see paragraph 5 of this appendix): while the NPO-Balanced Scorecard explicitly calls for extensive single-loop learning, it does not offer much flexibility for double-loop learning. As the assumptions and values are reflected in how the dimensions are linked and what measures are selected (both being based on cause-effect chains of how to achieve the ultimate objectives), double-loop learning would change the dimensional arrangement or the applicable measures of the NPO-Balanced Scorecard. But the NPO-Balanced Scorecard does not accommodate, neither explicitly nor implicitly, either of these two changes.

In summary, none of the models explicitly calls for ongoing double-loop learning nor do they offer explicit double-loop learning gates. However, all models are flexible enough to incorporate double-loop learning (except for the NPO-Balanced Scorecard). As assumptions and changing assumptions are an everyday reality for development aid NGOs, the Sustainability Measurement Framework shall incorporate distinct hooks for double-loop learning. These hooks not only allow for learning for subsequent projects, they also allow questioning ongoing projects if necessary.

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Curriculum Vitae

Personal

Name Simon Pfister
Date of birth October 13, 1972
Place of birth Aarau

Education

02/1998 – 02/2014 PhD program, University of St. Gallen, Switzerland
09/1992 – 10/1997 Diploma in Finance and Accounting, University of St. Gallen, Switzerland

Work experience

Since 10/2013 Project Manager, Institute of Accounting, Control and Audit, University of St. Gallen, Switzerland (part-time)
02/1998 – 09/2013 Assistant, Institute of Accounting, Control and Audit, University of St. Gallen, Switzerland (part-time)
11/2006 – 03/2008 Vice President Professional Services EMEA & Asia Pacific, Tradestone Software LLC, Hong Kong (China)
12/2002 – 10/2006 Executive Manager Finance, KarstadtQuelle International Services AG, St. Gallen (Switzerland)
05/2001 – 11/2002 Finance Consultant, Dr. Diem Unternehmensberatung, Wiesendangen, Switzerland
11/1997 – 04/2001 Sales and Business Development, IBM Switzerland, Zurich, Switzerland (part-time)

Additional experiences

Since 10/2010 Various seats in company and association boards (part-time)
Since 02/2010 Lecturer for general business administration, University of St. Gallen, Switzerland (part-time)
Since 05/2009 Finance Consultant, ebuilder GmbH, Wil, Switzerland (part-time)
Since 08/2003 General Manager, Foundation Green Ethiopia, Winterthur, Switzerland (part-time)