

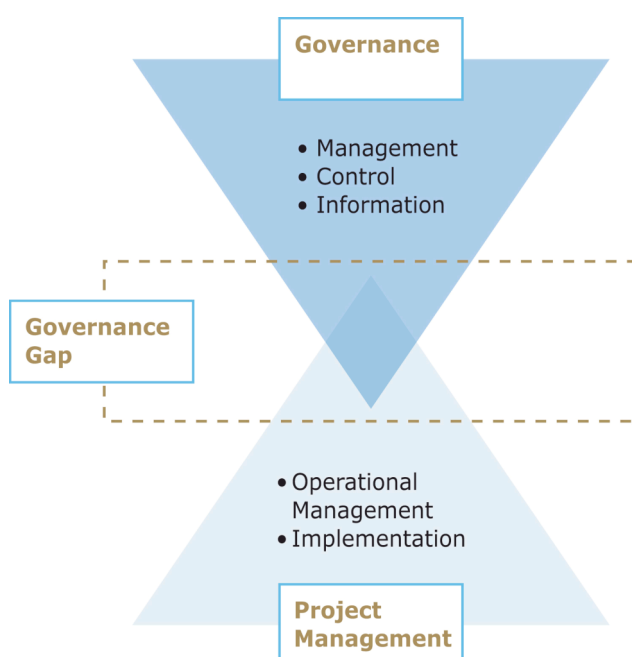


Technical information about the Aid Governance Tool

Scientific research results help overcome implementation gaps

A multi-year field research from the University of St. Gallen identified around 90 indicators which development projects or NGOs should consider in order to deliver best possible results. Currently prevailing implementation and governance gaps could be overcome by a proactive consideration of the respective practices which are grouped together under a concept called Project Governance (see graph 1). For more details on the research findings please consult the book by Dr. Patrick S. Renz: Project Governance – Implementing Corporate Governance and Business Ethics in Nonprofit Organizations, Springer 2007. The Aid Governance Methodology is based on the mentioned scientific research and tested in 20 projects and organizations.

Graph 1 – The Governance Gap



A cost-effective (self)assessment methodology

Project governance offers a practical solution for the management of complex projects, especially in intercultural contexts, such as development projects, multi-stakeholder and multi-donor projects, especially in an intercultural context. The aim is to identify, visualize and measure possible governance gaps which prevent the project from achieving to the best of its inherent ability.

Aid Governance has developed a methodology which assesses projects on six dimensions or key responsibilities that have been identified as fundamental for securing accountability, efficiency and transparency of a project, thus ultimately maximizing project impact. Based on the assessment, the project or program is graded on a scale from 0–5 on each of the six key responsibilities.

The idea behind the Aid Governance methodology is that it should be easy, cost-efficient and recurring. The relatively brief assessment offers tools for project staff and managers on how to do a better job, and the subsequent maturity score provides an incentive to use these tools and improve for the next round of assessment. The methodology enables a comparison over time within a project, and also with other projects. With increased efficiency, the assessment should ultimately «pay for itself».

The methodology is designed to be a management and governance support-tool, which allows projects to remedy problems at an early stage in the life of a project. It enables projects to learn their «lessons learned» on an ongoing basis, not as a post-mortem after the project has ended.

Scope and content of the assessment

Aid Governance uses a holistic and integrated management system in form of a project governance model. This model analyses a) the key responsibilities and expectations towards the governing bodies, b) how these responsibilities are operationalized

(«trickle down») and c) how the operational management deals with these responsibilities in the execution of a mission. These key responsibilities are embodied in the following six modules:

1. **System management** aims at a systemic understanding of the context and organizational environment. It enables the identification of meaningful development missions.
2. **Mission management** comprises the strategic, structural and cultural aspects of how a «mission» is directed, supported, executed and controlled. This comprises a well working governance board.
3. **Integrity management** helps to identify and resolve challenges threatening the integrity of the organization, e.g hidden agendas, strategic opposition or corruption.
4. **Extended stakeholder management** ensures a broad identification and continuous monitoring of the claims and expectations of stakeholders.
5. **Risk management** provides systematic risk identification and an integrative risk management cycle.
6. **Audit management** delivers a holistic approach to the audit organization and implementation for development organizations.

Additionally the modules **Impact orientation** and **Sustainability** regroup «cross-cutting» indicators to understand the actionable parameters a project or NGO could leverage towards impact and sustainability.

In order to assess how well an organization is prepared for these responsibilities and geared towards achieving real impact, Aid Governance employs a proprietary assessment tool called CoopeRATER™. It assesses the maturity of an organization and its governance along the six key responsibilities using around 30 indicator-groups (submodules) and 90 indicators on a scale from 0 to 5. These «maturity levels» have the following signification:

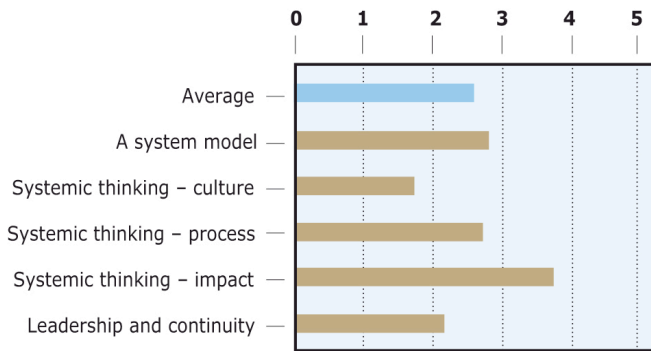
- Level 0: None.** There is no respective governance/operationalized practice.
- Level 1: Initial.** No conscious, but ad-hoc, intuitive resolving of issues.
- Level 2: Repeated.** Singular cases of conscious governance practices.
- Level 3: Defined,** communicated and integrated practices.
- Level 4: Managed** and lived governance practices within an integrated and holistic concept; efficiency is assessed;
- Level 5: Optimizing.** Self-reflected, continuous optimization based on learning and efficiency measurements.

Graph 2 – The content (i. e. submodules or indicators) of each of the six assessment modules

<p>System Management</p> <ul style="list-style-type: none"> ▪ A system model ▪ Systemic thinking – Culture ▪ Systemic thinking – Process ▪ Systemic thinking – Impact ▪ ... <p>Mission Management</p> <ul style="list-style-type: none"> ▪ Steering team/board internal mechanisms and team assessment ▪ Governing the strategy ▪ Governing the structure ▪ Governing the culture ▪ ... <p>Integrity Management</p> <ul style="list-style-type: none"> ▪ Universal normative foundation ▪ Understanding organizational integrity ▪ The integrity toolset ▪ Leadership and continuity ▪ ... 	<p>Extended Stakeholder Management</p> <ul style="list-style-type: none"> ▪ A normative and strategic approach ▪ Processes of stakeholder mgt ▪ Stakeholder monitoring and discursive exchange (impact) ▪ ... <p>Risk Management</p> <ul style="list-style-type: none"> ▪ Risk understanding ▪ Risk process ▪ Risk culture and organization ▪ ... <p>Audit Management</p> <ul style="list-style-type: none"> ▪ Direction and control of internal auditing ▪ Direction and control of external auditing ▪ Legal compliance ▪ Culture of audit management ▪ ...
<p>Impact Orientation</p> <ul style="list-style-type: none"> ▪ Strategic orientation towards impact ▪ Intended stakeholder anchoring (and involvement) ▪ Solution orientation of organizational culture ▪ ... 	<p>Sustainability</p> <ul style="list-style-type: none"> ▪ Explicit understanding of sustainability drivers (long term) ▪ Stakeholder support ▪ Sustainability within project (short term) ▪ ...

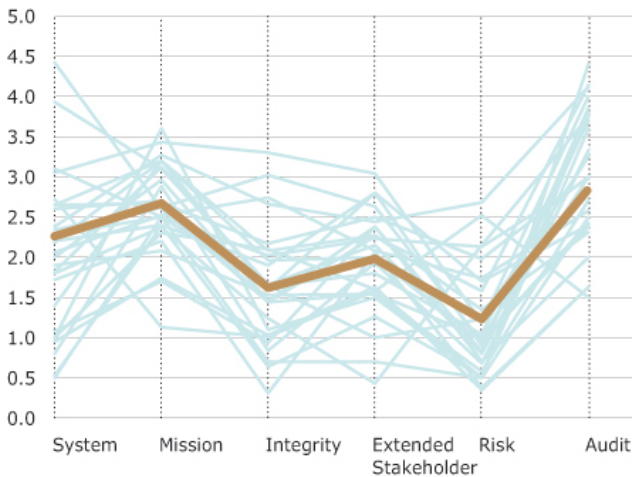
The CoopeRATER™ measures inefficiencies, lack of transparency, integrity and accountability, and offers solutions on how to improve project governance. For each assessed project, the results will be presented in a consolidated report, including a narrative as well as graphs for clarity.

Graph 3 – Example System Management



If desired we will also deliver benchmarks with other anonymized projects, in order to allow for comparison on each of the modules, as well as on the overall result.

Graph 4 – Benchmarking



The assessment process – empowering the organization

Aid Governance offers a comprehensive and cost-efficient package for project and NGO assessment and training. With the recently developed automatization of the CoopeRATER™, the process has become even more simplified and accessible.

- 1. Questionnaire** – key staff and managers fills out an online questionnaire, which forms the first basis for the analysis.
- 2. Interviews** – Aid Governance staff follows up with interviews to get additional information.
- 3. Feedback & support** – a session with involved parties where Aid Governance staff presents the assessment report. The report includes an executive summary and the maturity scores per module as well as an overall score. In addition, for each of the six modules there is a narrative part, a list of recommended actions regarding the module, and guidance with regards to prioritization.
- 4. Workshop** – if the organization would like a more thorough follow-up and an opportunity to discuss project governance issues within a broader setting, Aid Governance can organize a workshop for this purpose.
- 5. Reassessment in a year** – as described above, one of the key functions of the Aid Governance methodology is the recurring assessment. This allows the involved parties to take stock of the lessons learned in the past year and continuously improve as the project or organization progresses and develops.