

Organisational capacity assessment

An introduction to a tool

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Foreword

One of the central issues in the current development practice is the strengthening of Southern civil societies. One part of civil society is formed by formal non-governmental organisations (NGOs), the support of which has become an important aspect in NGO development co-operation. NGOs' development projects increasingly include activities for the organisational development and capacity-building of Southern NGOs. Capacity-building aims at smooth internal functioning of organisations, efficient performance in order to reach organisational objectives and well-organised networking with other actors.

How do we know if we have been successful in capacity building? How can we assess organisations and their development? This paper introduces some ideas for Organisational Capacity Assessment (OCA) tools. OCAs enable the assessment of what stage an organisation is at and of the types of needs it has in order to plan suitable capacity-building interventions.

The tools introduced in this KEPA Working Paper give examples of ways to assess organisations. Each organisation and situation is unique. Therefore the tools should be taken as a source of inspiration when tailoring the individual assessment tools. In addition to being a tool for assessment, the OCA tool provides a method of communicating the basic elements of an organisation as we understand them in the North. We should also remember in the context of capacity-building efforts that many organisations in the South face major challenges in becoming modern and mature organisations with well-functioning financial management and democratic decision-making systems.

This working paper is based on training provided by Zambian expert Mwiya Mundia at KEPA Helsinki in September 2007. The material presented is compiled on the basis of the work of many organisations, especially Pact (www.pactworld.org), an international organisation specialised in organisational development. The training and this working paper are examples of how tools and shared expertise can be recycled globally, from the USA to Zambia and from Zambia to Finland.

This paper focuses on assessment and describes six basic steps in organisational analysis from defining the need to identifying the organisation's stage of development. What is most important, however, is what kinds of development and capacity-building efforts will follow once the analysis is completed.

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List of abbreviations

| | |
|----------|---|
| CBO | Community-Based Organisation |
| DOSA | Discussion-Oriented Self-Assessment |
| HIV/AIDS | Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome |
| NGO | Non-Governmental Organisation |
| OCA | Organisational Capacity Assessment |
| OCAT | Organisational Capacity Assessment Tool (created by Pact Zambia) |
| OD | Organisational Development |
| SAT | Southern African AIDS Trust |
| SOCAT | SAT Organisational Capacity Assessment Tool |
| USAID | United States Agency for International Development |

Introduction to organisational capacity assessment (OCA)

Organisational capacity can be seen as a function of many different factors that exist within an organisation. Individual capabilities, ways of organising, cultural norms and physical assets all combine to enable an organisation to work towards its mission. It refers to the ability of the organisation to effectively manage its programmes to achieve the stated goals and objectives with minimum external assistance.

An Organisational Capacity Assessment (OCA) process encompasses a set of methods and tools that are designed to measure the capacity of an organisation or a specific unit of the organisation. Although there are variations of the individual tools used and varying approaches used in administering the OCA processes, all OCA processes are similar with respect to their focus: the focus is on the internal components of an organisation although service delivery and external relations might also be dealt with.

Organisational capacity assessments can be externally driven by Northern organisations to back up funding decisions, plan capacity-building activities or serve as tools for monitoring and evaluation. Internally driven OCAs are conducted by organisations who realise that ongoing self-assessment is an integral part in remaining a healthy organisation. Organisational Development (OD) practitioners and capacity-building agents use capacity assessment for evaluating organisational growth over time.

This paper has been written from the point of view of a Southern non-governmental organisation (NGO) and therefore focuses more on the internally driven OCA processes. From the self-assessment perspective, the main purpose of capacity assessment is to identify the root causes, not the symptoms, of issues that affect the performance of an organisation. Organisations, donors and consultants who conduct OCA regularly, have developed variations of OCA to suit their own needs, so there is a number of different toolkits developed for OCA. In this paper, the OCA tool of one organisation, Pact Zambia, is taken as

a case study. The process is followed from the beginning till the end to help visualise the different steps that are included in the assessment process.

Organisational capacity is a complex and context-specific issue. Strengthening of capacity takes time and needs a long-term strategy. Capacity assessment merely measures the status quo of an organisation's capacity and as such does not strengthen organisational capacity. Capacity assessment should therefore be followed by the creation of a strategy and a detailed work plan outlining the capacity-strengthening activities and be used to monitor the organisation's capacity development over time. But, interestingly, the mere process of organisational assessment is enough to stimulate capacity development indirectly. Organisations involved in an OCA process are already engaged in organisational learning by bringing members from diverse areas of the organisation together for a facilitated discussion on key organisational capacities of the organisation. Assessment leads the organisation to pay attention to strategically important capacity areas that it might have ignored in the past.

Most OCA tools use participatory approaches in collecting capacity-related data in order to get the clearest possible picture of the organisation as a whole or the specific unit in question. There are also other methods for collecting useful data, such as surveys, interviews, focus groups and direct observation. A combination of methods is usually the best way to obtain robust data that provides diverse perspectives for full analysis of performance issues.

Some kind of ranking is used in all OCA processes to place an organisation at a certain specific stage of growth. The scores help users visualise the stage of the organisation and identify areas where change efforts are most likely to succeed.

OCA process

An organisational analysis always meets some needs and has to be planned and implemented according to the needs and situation. The OCA process can be divided into six basic steps:

1. defining the need and objectives;
2. planning the OCA process;
3. defining the capacity areas of the organisation;
4. defining indicators for each capacity area;
5. preparing the assessment tools and methods;
6. defining the organisation's stages of growth.

The contents and action points for each step will be described in the following sections. The case example from Pact Zambia will illustrate step by step how OCAT can be employed in practice.

STEP 1: Defining need and objectives for OCA

OCA is a tool for measuring the capacity of an organisation. There are a number of different reasons to measure the capacity of an organisation, depending on the client and preferred outcome of the assessment. The first step in the OCA process is therefore to determine the specific objectives of the assessment. With clear objectives set in the first stage, the whole assessment can be modified to bring the most valuable outcome for the defined need.

The reasons behind OCA being conducted vary. For a *funding agency*, OCA can serve as a baseline. In this case periodic assessments are later conducted to monitor the progress being made with respect to capacity-building efforts. OCA can also be conducted for the purpose of identifying the specific capacity-building needs of an organisation, with a view of strengthening any weak capacities. Sometimes OCA is conducted to assist the decision whether a partner organisation should be excluded from the partner portfolio, i.e. to determine if the capacity is high enough or not developing enough.

In the last case, OCA is conducted to select the organisations to support. This works in both directions; some funding agencies prefer to support organisations that have reached at least a certain minimum level of capacity, while others

use capacity assessment to pick the organisations with the lowest capacity for strengthening. It should be noted here, however, that OCA is not well suited as an intake assessment tool; other, cruder tools like the rapid assessment tool could and should be used instead.

On the other hand, OCAs can be used for *self-assessment within an organisation*. Such OCAs are conducted for the purpose of learning. This is considered to be a healthy thing to do occasionally, so that any weaknesses can be addressed. In this case the need for capacity assessment is internally generated. OCA can be conducted to identify the organisation's strengths and weaknesses, to prioritise the areas of improvement and to identify concrete steps that could be taken to help the organisation to mature. The organisation can conduct a self-assessment to serve as a baseline, with the information used to examine capacity improvement over time.

STEP 2: Planning of OCA process: resources and tools

As with all work, planning is crucial for the success of the assessment process. The successful completion of OCA requires commitment and adequate resources from every sector of the organisation. Moreover, emphasis should be put on the selection of suitable tools.

Ensuring commitment

Once the objectives for the assessment are clear, the organisation has to be convinced that there is a real advantage to conducting OCA. The organisation, especially the senior management, has to be committed to go through the process and follow its recommendations. Otherwise OCA has no real value. This should be taken into consideration, particularly when OCA is conducted to serve the needs of an external client (donor). To strengthen commitment, the management of the organisation should be involved in developing the tool from the beginning.

Selecting a facilitator

Every organisational capacity assessment needs a facilitator. Often the facilitator is an external consultant but could also be an employee of the organisation or the client's representative.

The facilitator needs to understand that each organisation should be treated individually and that the OCA process should be tailored to suit the organisation. The facilitator makes sure that the assessment runs in its course, while involving members of the organisation in planning as much as possible.

Resource analysis and continuity

To make the OCA realistic, a resource analysis is needed: how much time and money does the organisation have available for the assessment? Especially in case of self-assessment it should be noted that the assessment should not be a one-off activity but rather part of an ongoing process of capacity building, and resources should be allocated accordingly. If the assessment will be repeated later to measure the organisation's capacity development over time, the assessment tool should be planned in such a way that it will not need to be altered later as changes in the tool will alter the score and make time comparisons impossible.

Selecting the right OCA tool

Depending on the objectives of and resources for the assessment, the facilitator helps the organisation choose a suitable OCA tool. There is a large number of different tools used and constantly developed by consultants and organisations but, in general, the tools have a lot of similarities. They might differ in terms and approaches used but the core composition and underlying principles are the same.

The case study in this paper follows the OCAT method used in Pact Zambia, which is a rather heavy and time-consuming assessment process. It is, however, a good case study since it gives a glimpse into the details of an organisation's structures and helps the reader understand the depth of the analysis if performed thoroughly. For a quick assessment, the Octagon method, also used by the Swedish International Development Cooperation Agency (SIDA), is quite suitable.

Selecting the OCA group

Organisational capacity assessment is usually conducted using participatory methods, i.e. in-

volving as many parts of the organisation as possible. When planning the assessment, it is important that the selection of participants to the OCA group ensures that the group comprises of a cross-section of the organisation's bodies, such as board members, volunteers and secretariat. The ideal group has 8 to 15 members, with representatives from all the departments and all the structures of the organisation.

Each organisation should be treated individually while deciding on the composition of the OCA group. If the facilitator notices that combining employees from several hierarchical levels in one session would be explosive and suppressive for the organisation and would hinder the outcome of the assessment, then separate sessions for different groupings should be organised.

STEP 3: Defining capacity areas of the organisation

Once the need, resources and assessment tool for OCA have been identified, it is time to define the components of the organisation and, out of these components, define the capacity areas that are important for the specific organisation. An organisation can be defined in general as a complex of people and/or groups that, according to commonly agreed rules and procedures, strive to realise one or more pre-set objectives. In order to understand the complex nature of organisations, a simplified model, referred to as the Integrated Organisational Model (IOM), can be used. The IOM model distinguishes seven internal components and five external components of an organisation.

Seven internal components of an organisation:

1. Strategy – a long-term plan of action or the most important goals in the coming years
2. Structure – division of tasks and responsibilities, departments and units and coordination of activities
3. Systems – the way things are done, flows of main activities, processes, procedures, approaches and methodologies
4. Management style – behaviour of the management and decision-making system
5. Human resources – incentive systems, staff satisfaction, staff development, sanctions and bonuses
6. Culture – a set of shared values and norms
7. Finances

Five external components of an organisation:

1. Factors
2. Actors
3. Mission
4. Output
5. Input

Defining the organisation’s capacity areas

Depending on the preferred outcome of the OCA, the organisation’s capacity areas might vary but a common division is to distinguish six capacity areas:

1. strategic focus (vision, mission etc.);
2. management practices;
3. human resources (employment policies, training etc.);
4. financial component (funding, self-funding, assets etc.);
5. target group relations (service delivery); and
6. external relations (stakeholders).

If, due to a lack of resources (money and/or time), an organisation cannot be assessed as a whole, one or two capacity areas that are regarded as problematic can be assessed instead, with the aim being to come up with specific capacity development actions for those areas. For small NGOs and CBOs it is better to conduct the whole OCA because several capacity areas are in development stages and need to be assessed and strengthened along the way.

STEP 4: Defining indicators for each capacity area

Once the organisation’s capacity areas have been defined, it is time to examine what constitutes each capacity area within the organisation. To do this, the sub-sections within each capacity area need to be defined. These can be formulated by the facilitator and the senior management of the organisation or by a bigger group. They can be general or problem-oriented, listed in bullet points or worked into a narrative. The main point is to define the characteristics of the assessed organisation’s capacity areas, the processes and qualities that affect the particular capacity area.

The table below is an extract from the DOSA (Discussion Oriented Self-Assessment) tool’s chart for capacity areas:

Table 1. DOSA capacity area chart

| Capacity Area | Sub-sections |
|-------------------------|---|
| Organisational Learning | Horizontal and vertical flow of information: quantity, quality and timeliness. Utility of shared information: the degree to which information is used a) to improve organisational performance, b) to support effective teamwork. Participatory management practices and staff meeting practices. |

What is an indicator?

Indicators are used to measure current capacity and track the progress of an organisation, capacity area or sub-section. Working upwards from sub-section level to capacity area level and finally to overall organisational level, it is possible to define the stages of organisational growth for the organisation as a whole.

More important than the indicators themselves is the process of developing the indicators. The developing process teaches the organisation a lot about the status quo of each capacity area and helps the organisation identify areas which might have been neglected completely so far. It should also be noted that indicators are bound by time and place and cannot be replicated without risk. This is another reason to spend enough effort on developing the indicators separately for each organisation. While developing indicators, it is essential to bear in mind the objectives of the assessment.

In self-assessment, indicators are best developed with participants from all levels of the organisation, assisted by a consultant if needed.

Developing indicators for capacity assessment

Once the sub-sections within each capacity area have been defined, the next step is to create the above-described indicators that help specify the desired state of the focus points and see the distance between the status quo and the desired lev-

el. Indicators are formed, depending on the tool used, in the form of statements or questions.

Using the above example of DOSA chart as an example, the desired state for sub-section 'Quantity, quality and timeliness of vertical information' could be described through the following indicators (here in the form of statements):

Statement 1: The management passes on sufficient information to staff.

Statement 2: The information shared by the management is relevant to staff members.

Statement 3: The management gives clear instructions for the use of information.

Statement 4: The management passes on information without unnecessary delay.

Statement 5: Staff is given sufficient time to react to information passed on by the management.

As in the DOSA example, there can be several statements or questions within each sub-section of each capacity area.

Qualitative and quantitative indicators

All statements in the DOSA example above are "qualitative indicators": instead of being measurable, they are results of subjective assessment. Qualitative indicators are therefore reliable only if the statements are formed carefully and analysis and interpretation take place in an open process. That is why participation of a larger group is very important for the actual assessment workshop.

Quantitative indicators, on the other hand, are measurable and more or less non-negotiable. For example: At least 70% of staff attend weekly office meetings. This can be numerically verified with attendance lists.

Rating scales

Each OCA tool uses a slightly different rating system created for the particular OCA tool. In the above DOSA example the following rating system is used:

- 1 Strongly disagree
- 2 Disagree
- 3 Neutral
- 4 Agree
- 5 Strongly agree

STEP 5: Preparation of assessment tools and methods

By Step 5, the organisation and its functions will have been divided up into fairly small units: sub-sections within each capacity area of the organisation. Up to this point all steps have been preparation for the actual assessment work that begins now.

Participatory approach

Until this step, the assessment preparations might have been conducted by a smaller group consisting of senior management, some key employees and a facilitator who often is a consultant. But for the actual assessment part – measuring the organisation's capacity – the participation of a cross-section of the organisation is compulsory. The ideal number of participants is between 8 and 15 people. See STEP 2 for more details on the selection of participants to OCA.

Practical setup for the assessment

On average, an OCA process can take between five and eight hours to finish: the bigger the group, the slower the process. The assessment session is followed by three to five hours of action planning.

If there are noticeable divisions within the organisation, it is better to divide the organisation into homogenous groups, with these groups brought together later on to share their outputs and debate as groups in order to eliminate the individualisation.

Participants should be free to express themselves and listen to different views attentively. The most vocal persons should be controlled (using participatory ways) in order to give room for those less vocal to be heard as well.

The external facilitator should create a safe environment for those participating in the self-assessment. This could include off-site assessment, discussion of ground rules that emphasise mutual respect, a commitment to confidentiality and so on.

Assessment workshop

The OCA workshop starts with an *introductory session* explaining the following points to the participants:

1. Motives: Why the organisational capacity assessment is being conducted – for self-development, for targeted capacity building or for measuring built capacity over time.
2. Timeline: The assessment aims to measure current capacity rather than that of the past.
3. Assessment process: Explaining the practicalities and the ranking system. Reminding the participants that low scoring is not bad: it just illustrates areas which need support and should be focused on in the future.
4. Follow up: What will happen after the assessment; explaining the process of developing and finalising the report and work plan.
5. Rules: There is a need for participants to be as honest and as realistic as possible and bear in mind that this is a baseline assessment and there is commitment to build on strengths and strengthen weak areas.

Implementation of the tool

After the introduction, the participants' version of the assessment tool should be handed out to all. Depending on the chosen tool (or method), the participants are given handouts that contain several positive (desirable characteristics) statements or – alternatively – questions about the desired level for each capacity area (see Annex I).

In the following, three different methods of undertaking the assessment are described in brief.

a) Group consensus through scores and flat percentage calculations

Statements in this tool are put in a positive desirable end point. The process begins by reading the first statement under the first sub-section. Participants are requested to hold up the scoring card with the appropriate symbol (e.g. 0, 1, 2, 3, 4 or 5), with everyone showing their score at the same time. The co-facilitator writes the individual scores where everyone can see them, and the facilitator then asks the participants to discuss and agree on a group score for the statement. The facilitator writes down the main points of the discussions in a notebook.

Next, the second statement under the sub-section is read and the process is repeated all over. This process is repeated for all the sub-sections and then an overall cumulative score is given for the section. This is then repeated for all the sections in the handout.

The participants are not involved in deciding the overall score of the capacity areas. The level of each specific capacity is arrived at by using a flat percentage calculation. The maximum score for each statement is 5, and the total scores for each section is therefore 5 multiplied by the total number of statements. The actual scores for the particular section are added up to get the percentage based on the total score.

This tool was developed by the International HIV/AIDS Alliance, Zambia Country Office, a capacity-building organisation for organisations involved in the fight against HIV/AIDS.

b) Group consensus through questions and discussion

The statements for this tool are presented as questions. Several questions are asked for each capacity area regarding the desirable end point. For example, under the capacity area of human resources, one of the questions is 'Does the organisation conduct performance appraisals at least annually?'

The group is allowed to discuss and eventually reach consensus on the score for the question, choosing from the following: Yes, Yes Needs Improvement or No. This is repeated for all the questions under that capacity area. Finally, the group is facilitated to agree on the capacity level for that particular capacity: emerging, established or mature. In this case there are no mathematical calculations. The process is repeated for all capacity areas.

This is a method used by Southern African AIDS Trust (SAT), a regional NGO focusing on financial and capacity development assistance to CBOs and NGOs that are engaged in the prevention and mitigation of HIV/AIDS in Southern Africa. The tool is known as the SAT Organisational Capacity Assessment Tool (SOCAT).

c) Octagon - visualising an organisation's capacity

Eight variables form an octagon. A self-assessment workshop begins with the presentation of the Octagon's eight variables. Next, the participants individually apply the Octagon to their own organisation and rate the eight variables. Each dimension is ranked by assessment of two statements on a seven-point scale. When all the variables have been analysed and ranked, the average points are transferred to an Excel docu-

ment that produces the organisation’s development profile. The rating process is used as an aid for a group discussion on the organisation’s current strengths and weaknesses, and changes that will be necessary in the future.

This method is used by the Swedish International Development Agency (SIDA). As can be seen from the examples above, there are vari-

ous methods for placing a capacity area at one of the stages of growth. For some capacity areas or organisations a subjective consensus brings the best results, while others might profit from a more mathematical method where percentages are used to pinpoint the stage. The method or mixture of methods employed should always suit what is being measured.

Table 2. Stages of Growth of a typical Southern NGO

| |
|--|
| <p>Stage 1: Incipient</p> <p>In the initial stage a group of persons starts to organise itself around a common purpose out of necessity, personal initiative or visionary motives. The organisational structure tends to be underdeveloped, and the activities are loosely structured around some ideas on what should be done and how resources could be mobilised. Direction is normally lacking and functions and roles unclear. Administrative issues are normally dealt with in a personal and ad-hoc manner. The organisation is founded but it is not yet clear in which direction it is going to develop. Most incipient organisations are short-lived and never develop to the second stage.</p> <p>Stage 2: Emerging</p> <p>At this level the organisation has somewhat risen above the surface and developed into a more structured body that still operates within the setup of volunteer work but is beginning to put a number of organisational systems in place. The organisation also develops more focused organisational objectives and facilitates development processes on a small scale. The organisation administers planned activities, develops a system with outlined roles and starts following a certain direction. The main challenge at this stage is to develop proper organisational structures as well as a planning and administration system that allows the organisation to build up a set of development activities that are more or less focused and successful, although on a small scale. Organisational capacity-building normally covers clarifying the vision and objectives of the organisation, helping itself to organise itself and manage a set of activities on a small but significant scale and mobilise staff and resources properly for this purpose.</p> <p>Stage 3: Maturing</p> <p>Few of the emerging organisations will graduate to this level. At this stage the organisation consolidates into an organisation that can expand its coverage and become a major agent in its own sector of specialisation. The organisation is able to plan its activities on a wider scale, attract more professional full-time staff and make strategic plans for the future. It is at this stage that visualisation of the outputs of the organisation begins to gain a paramount role in organisational management. The organisation starts to become more output- than input-oriented. This implies that the organisation starts rethinking about their service delivery processes in terms of effectiveness and efficiency, putting more sophisticated operational planning tools in place and attempting to attract donors on the basis of achievements rather than intentions. In terms of personnel, there will be an influx of staff and a professionalisation of employees at the outlet level, while management procedures tend to become more formalised. The other major change that takes place at this stage is that the organisation becomes more aware of its target group and will introduce consultation structures and procedures that give the target groups the possibility to influence the organisation’s policy direction and decision-making. The main challenge is to make the shift from a volunteer organisation to a more professional organisation that takes strategic decisions and is responsive to end users. Capacity-building normally covers the areas of strategic organisational planning, performance-oriented project cycle management, adequate information systems, human resources management and improving efficiency at outlet level.</p> <p style="text-align: right;"><i>continues on page 12</i></p> |
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STEP 6: Defining the organisation's stages of growth

The assessment workshop that has, by this step, been conducted using participatory methods has produced a lot of data about the state of the organisation. Whichever the assessment tool used, the results are similar: it is easy to see how each capacity area relates to one another, i.e. which areas have the organisation's strengths and which are weaker than average.

This analysis of capacities can be used to define the stage of growth of the capacity areas and, finally, the organisation as a whole. Growth patterns commonly define five stages of growth although there may be slight differences in the terms used. These stages are incipient (or embryonic), emerging, maturing (or growing), mature (or well-developed) and self-sustained (or mature).

The example in Table 2 refers to a typical growth pattern of a Southern NGO. See Annex II for a detailed example of the stages for each capacity area.

By placing each capacity in its respective stage of growth, it is possible to see which capacities lag behind others and focus capacity-building efforts on those areas that need strengthening.

The tree analogy of an organisation

The Southern African AIDS Trust (SAT), a Zambian NGO, has developed a useful tool for turning the negative tone of assessment into positive. Instead of referring to an organisation as being poor in governance, the organisation is described as being emerging in governance capacity. Called the tree analogy, the tool associates the stages in the growth of an organisation with the growth of a tree as described in Table 3 below.

Table 5. Definitions of capacity areas

| Stage | State | |
|-------|----------------|--|
| 1 | Embryonic | The tree is a vulnerable seed trying to penetrate the soil. |
| 2 | Emerging | The seed has penetrated the soil to benefit from sunlight but is still vulnerable, with the roots not yet deep enough. |
| 3 | Growing | The tree is becoming stronger and developing deeper roots. |
| 4 | Well-developed | The roots are now strong and deep, with fruit production beginning and the tree able to withstand most threats. |
| 5 | Mature | The tree continually bears large quantities of fruit and has become a viable and permanent part of the landscape. |

Stage 4: Mature

This level comprises of organisations that have developed from maturing organisations. An organisation at the mature stage is responsive to its end users and organises its activities in such a way that the recipients of its services are satisfied, things are done in an efficient way and management decisions are made strategically. The organisation's relationship with the target groups is becoming mature and the organisation is putting measures in place for sustainability of its operations at the end user level. The organisation is becoming a reputable development agent with a stable financial background consisting of a mix of long-term sponsors and internal resource mobilisation endeavour. Human resource management styles are more oriented to motivating and supervising working teams of experts. The main challenge now is to maintain the organisation in the market and develop sufficient new skills and knowledge to adequately continue to serve the clients and to make the shift to a client-oriented management style through the steering of flexible professional teams. Capacity-building for these organisations focuses on creating specific innovative fields and putting professional management systems in place.

Stage 5: Self-sustained

This is the ultimate goal for all organisations. A self-sustained organisation has developed from a mature one into a self-sustained professional body that can defend itself as a development agent without requiring any external technical assistance or, in case technical assistance is needed, the organisation is able to hire expertise using its own resources. The organisation can reasonably be expected to survive on its own and can therefore be weaned from capacity-building services.

From assessment to action

Capacity assessment is of little use if the information it produces is not worked into an action plan for capacity-building activities. Capacity building can be understood as an explicit effort to improve an organisation's performance in relation to its purpose, context, resources and sustainability. The aim is to develop a more effective, viable, autonomous and legitimate local organisation by creating the conditions in which change can take place from within the group or organisation.

Organisational capacity assessment is just one step in the ongoing process of organisational capacity building that includes, besides capacity assessment sessions, components related to organisational learning, benchmarking, action planning and continuous organisational improvement.

Capacity-building programmes are intended to strengthen an organisation's ability to provide quality and effective services while being viable as an institution:

- Supporting an organisation so that it can be *programmatically sustainable* (providing needed and effective services),
- and *organisationally sustainable* (with strong leadership and having the necessary management systems and procedures),
- while *ensuring* that it has *sufficient resources* (human, financial, and material) that are utilised well.
- Finally, capacity-building activities must help the organisation *understand the external environment* (political, economic, and social) it operates in and to develop a relationship with it that is sufficiently stable and predictable.

Action planning is a formal method for determining how and when the OD interventions will be implemented. To create a useful action plan, facilitators must work closely with the organisation's decision-makers and intervention participants. Facilitators need to make sure there is clear agreement about the goals of the selected interventions. A question to be asked is: What

do we want to see accomplished at the completion of the interventions? Answers to this question will not only be helpful for action planning — they will also prove useful for the monitoring and evaluating the interventions. Other issues to consider are:

- clarifying the roles and responsibilities;
- establishing timelines for interventions and monitoring procedures;
- determining necessary resources.

Assessment report as a baseline

At the end of the assessment process, an assessment report is produced, normally by the facilitating team. The assessment report should capture the main organisational strengths and weaknesses identified during the assessment process. The assessment report is meant for the organisation as a reference document for planning of future capacity-building activities and as a baseline for monitoring progress.

The results of the assessment, which can be presented in different forms (graphs, charts or narratives), should be shared with the members of the organisation that participated in the assessment process and the senior staff of the organisation for comments and validation.

Prioritising change targets

With help of the OCA it is relatively easy to spot areas that should be prioritised when planning capacity-building activities. The data and feedback collected during the assessment phase can be used to select appropriate interventions for change targets (e.g. capacity areas, processes, learning needs, organisational culture issues or organisational behavioural patterns).

Planning organisational development interventions

In the planning stage, the OCA facilitator collaborates with decision-makers and relevant personnel to design comprehensive and detailed plans for implementing, monitoring and evaluating the chosen organisational development (OD) interventions.

The skill of an organisational development specialist (OCA facilitator) lies in helping an organisation correctly identify what combination of systems, structures, styles or environmental factors is limiting the organisation's performance, and helping the organisation to select the right mix of tools, methods and strategies to bring about the required changes. Further, the OCA facilitator will assist the organisation to learn from the experiences of the assessment so that it may become more self-regulating in future.

Five general forms of capacity-building can be identified: training, expert consulting, pair-of-hands consulting, collaborative consulting and funding. Organisational development is often thought to equal only training and human resource development, which is a very limited way of understanding the organisational capacity issue. Training and human resource development can merely tackle a limited number of systems in just one type of way: through the knowledge and skills of individuals and groups. As can be seen in Table 4, the other forms of capacity building are equally important for organisational development.

Underlying principles for effective capacity building

All outside interventions have an impact on the capacity of an organisation. Capacity building should not be a set of discrete activities but a process designed to influence complex human and organisational systems.

Capacity-building interventions are designed to improve the services and sustainability of the client organisation, not to achieve some outside concept of an "ideal" organisation. Capacity building respects the organisational independence of the client organisation receiving assistance. The client organisation is responsible for its own development. It is solely responsible for deciding on, implementing or participating in capacity building activities. Managerial prerogatives for projects, programmes and the organisation rest solely with the client organisation. Capacity-building providers cannot force clients to adopt strategies, tactics, managerial systems or financial systems.

The role of the consulting organisation (donor, Northern NGO) is to help the client organisation (NGO) more effectively achieve its own

mission and vision, not the mission/vision of the consulting organisation.

Capacity building is a collaborative process between an external helper (OCA facilitator/consultant) and an organisation asking for help (client) designed to help the client organisation improve its performance in relation to its mission, context, resources, and sustainability. Interventions can be regarded as capacity building only when both parties, the consultant and client, freely enter into an agreement with the purpose of improving the client's services and sustainability.

Capacity building is a collaborative process based on feedback and action research. Here action research is defined as a research process which integrates members of the system under study into the research team. The consulting and client organisations work collaboratively (50/50) to define the problem, collect data, analyse the data and develop possible solutions. The client organisation (NGO) then takes full responsibility for implementing the solutions chosen.

Evaluation of the impacts of capacity building should focus on results that demonstrate an improvement of the client's ability to fulfil its mission and provide the services it says it provides as well as results which demonstrate increased survivability (or sustainability) of the organisation.

All information collected during capacity building assessments belong to the client, which has the right to keep the information private or publicise it as it sees fit. In particular, donors have no *a priori* rights to that information.

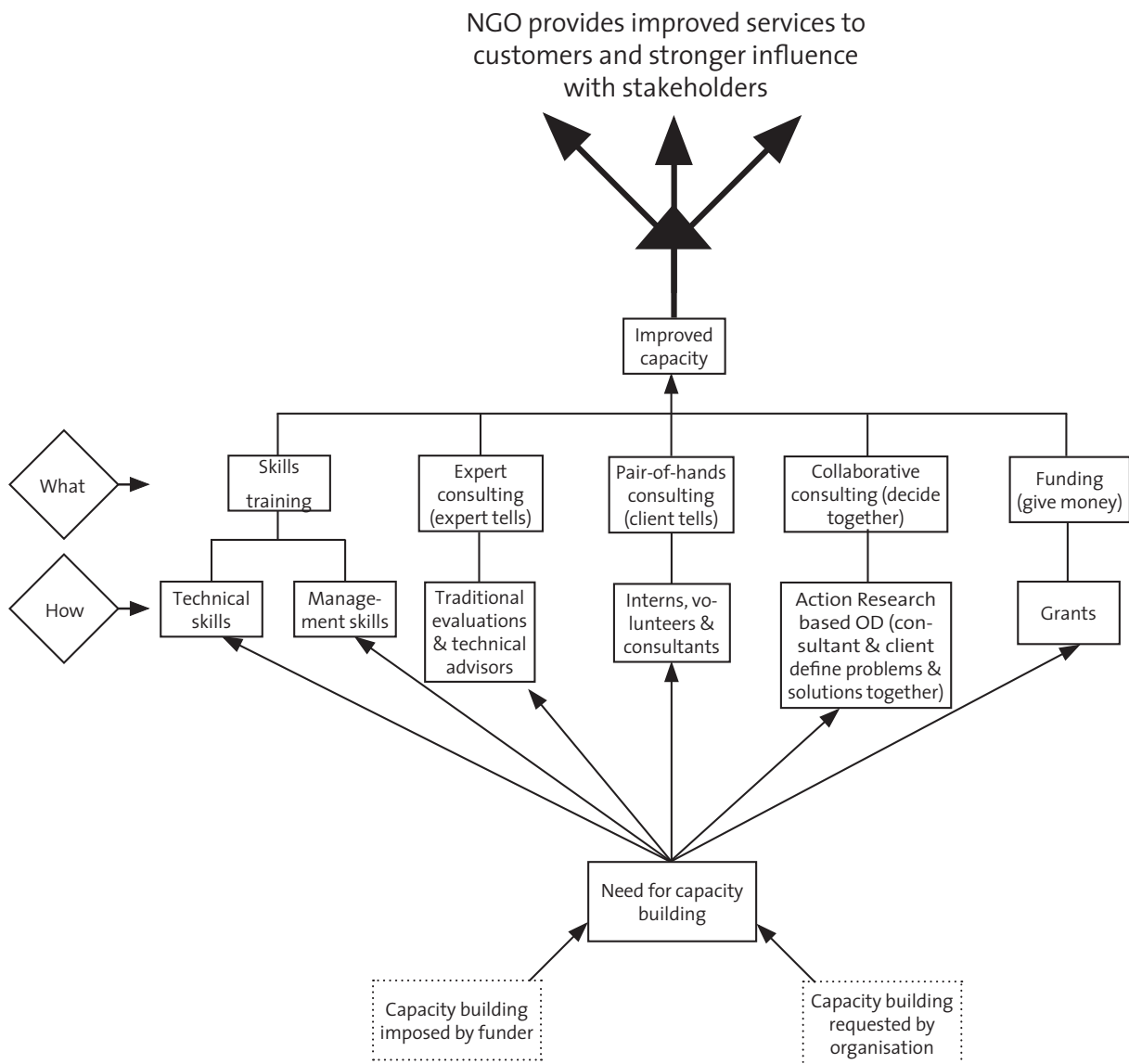
Recommendations to make capacity building effective

If capacity building efforts are to be made effective for strengthening Southern NGOs, the following issues must be observed and addressed:

- Capacity building should be an ongoing process that employs different approaches depending on the situation and capacity area that needs strengthening.
- Capacity assessment should be the beginning of capacity building, in fact the assessment itself is capacity building.
- Peer mentoring should be supported as a form of capacity building as much as possible.

- Funding alone is not a very effective form of capacity building; it should be accompanied by other forms of capacity building.
- Capacity building should not only focus on people (skills and knowledge), it should focus on other aspects of organisation such as culture, processes and systems, depending on which have come up as priority areas.

Table 4. Ways to improve the capacity of an organisation



Case study: Pact's Organisational Capacity Assessment Tool (OCAT)

STEP 1: Defining objectives for the assessment

Organisation x, a Southern NGO has realised the need for capacity strengthening in the area of organisational development. The NGO has grown rapidly as an organisation and its projects are growing in size. To avoid a situation where the organisation's project management needs outgrow its capacity to run the projects, the organisation applies to Pact Zambia for financial support to conduct an organisational capacity assessment and subsequent capacity-development activities. The NGO contracts a consultant to conduct the OCA. The consultant, who uses Pact's Organisational Capacity Assessment Tool (OCAT), has called a preparatory meeting with the senior management (board members and/or members of secretariat) of the organisation. During the preparatory meeting, the consultant helps the organisation define the objectives of the assessment.

In the long run the Organisational Capacity Assessment is aimed at strengthening the capacity of the organisation to be able to deliver better services to its target groups efficiently and effectively. Specifically, the assessment aims to achieve the following objectives:

1. To identify the main capacity-building needs of the organisation, and how these needs can be fulfilled.
2. To develop a detailed work plan that addresses the above needs (time and resources needed, i.e. human, technical, financial).

STEP 2: Planning of OCA process

The initiative for the assessment came from the organisation itself. This sign for real commitment of the senior management of the NGO for

the process is further strengthened in in-depth discussions during the preparatory meeting. The consultant will adopt the role of a facilitator. In a process meeting with the same senior management, the participants nail down the resources available for the assessment and formulate a tentative timetable. Since the organisation is ready to invest time in the assessment, the consultant decides to use the OCA tool (Organisational Capacity Assessment Tool, or OCAT), which is commonly used to diagnose existing abilities for efficiency and effective service delivery of an organisation.

The OCAT is designed to be a process that includes a number of interventions such as a two-day workshop and a following session for creating an action plan for capacity-building activities. Key board members or executive committee members, some staff members from the secretariat and representatives of beneficiaries and volunteers attend a two-day workshop to use the tool and to discuss the organisational strengths and weaknesses. Input from key external stakeholders can be included through separate interviews to triangulate and validate certain information. This is useful in order to reflect the external perception that the stakeholders have with regard to the capacities of the organisation.

Based on a facilitated process of self-assessment, the OCAT serves to determine a score for a range of capacity areas. The results of the assessment lay the foundation for a targeted action plan for provision of capacity-building activities for the organisation.

The tool has the following features:

- The tool measures core organisational capacity.
- The tool is flexible enough to allow participants to focus on areas which are most relevant to them.
- The tool generates a composite score of capacity which can be used for monitoring and evaluation (M&E) purposes both for the organisation itself as well as those supporting it in capacity building.
- The scoring system is deliberately non-judgmental concerning the need for future capacity building — it simply calls for a judgment of the current situation.

STEPS 3 AND 4: Defining capacity areas and indicators

The facilitator of the OCA process calls in a meeting with the senior management of the organisation. They discuss the organisation's internal components and areas that would need special attention during the assessment. It is decided that the following organisational capacity areas will be assessed using the OCAT:

- Governance
- Management
- Human Resources
- Financial systems
- Service delivery
- External relations
- Sustainability

Since the objective of the assessment is to find out the organisation's ability for effectiveness and efficiency of service delivery, special emphasis is put on that particular area. Sustainability is included as a separate capacity area to give special visibility to factors that distinguish the organisation's ability to face the challenges of the future.

Once the capacity areas have been defined, the components of each capacity area are listed:

Table 5. Definitions of capacity areas

| Capacity Area | Sub-section |
|----------------------|--|
| Governance | Board, mission/goal, constituency, leadership, legal status |
| Management practices | Organisational structure, information management, administration procedures, personnel, planning, programme development, programme reporting |
| Financial resources | Accounting, budgeting, financial/inventory controls, financial reporting |
| Human resources | Human resources development, staff roles, work organisation, diversity issues, supervisory practices, salary and benefits |
| Service delivery | Sectoral expertise, constituency, impact assessment |
| External relations | Constituency relations, inter-NGO collaboration, public relations, local resources, media |
| Sustainability | Programme/benefit sustainability, organisational sustainability, financial sustainability, resource base sustainability |

For each sub-section, indicators are created in the form of statements. Here we take the capacity area *Service Delivery* as an example:

Capacity Area: Service delivery

Sub-section 1: Sectoral expertise

Statement a: The organisation has the experience necessary to accomplish its mission.

Statement b: Relevant expertise exists within the organisation.

Statement c: Expertise is recognised by all stakeholders.

Statement d: The organisation is capable of adapting programmes and service delivery to changing needs of stakeholders and/or target groups.

Sub-section 2: Constituency through stakeholder commitment and ownership

Statement a: Programme priorities are based on actual needs of target groups.

Statement b: Programme priorities and services are defined in collaboration with stakeholders.

Statement c: Programmes are efficient, adequate, cost-effective and timely.

Sub-section 3: Impact assessment through monitoring and evaluation systems

Statement a: A clearly documented monitoring and evaluation system exists.

Statement b: Project implementation is monitored against benchmarks.

Statement c: Indicators have been identified for each programme objective.

Statement d: Baseline and impact data are collected and analysed regularly.

Statement e: Results of evaluations are used to make adjustments to the programme.

Rating scale:

- 0 Not applicable or information not available to assess the element
- 1 Needs urgent and immediate attention
- 2 Needs major improvement
- 3 Needs improvement in limited aspects
- 4 Statement true, room for some improvement
- 5 Statement true, needs maintaining

STEP 5: Assessment tools and methods

The actual assessment workshop using the OCA tool mixes capacity score and consensus scoring systems. The session begins with several participatory exercises to elicit discussion around each particular capacity area. After discussion, the facilitator of the exercise:

1. gives each participant six scoring cards with the following numbers on them: 0, 1, 2, 3, 4, 5;
2. explains the rating and underlines that if some statements are not applicable, they should be left unrated;
3. introduces all capacity areas that are to be assessed by the exercise;
4. begins by reading the first statement under the first sub-section;
5. asks the participants to rank the statement by holding up the scoring cards with the number that reflects their score for that statement (they should all do this at the same time);
6. asks the co-facilitator to write the individual scores on a flip chart for everyone to see;
7. asks the participants to discuss and agree on one group score for that statement. The group score, or consensus score, reflects the level of agreement on capacity perceptions among assessment team members by measuring how closely their capacity scores cluster together;
8. writes the main points of the discussions down in a notebook;
9. repeats the process for all statements under the same sub-section and similarly for other sections;
10. collects all participants' handouts containing the individual scores and summarises the scores for the following day's session.

The facilitator analyses the collected information by averaging all the responses in each capacity area and then summing them up. Next, the raw scores are standardised for each capacity area so that they can be compared across capacity areas, regardless of the number of items contributing to the raw score. Finally, the scores are indexed on a scale of 100 so that they can be conveniently displayed and graphed. A computer program is used to generate the analysis.

Let's take an example: There are six participants in the case study assessment workshop: two representatives of senior management, two

persons from the project office, one from the field office and one volunteer.

The following questions are asked to generate discussion about *Constituency through stakeholder commitment and ownership* (sub-section 2 of the Service delivery capacity area).

1. Which three projects are representative in our current programme portfolio and who are the stakeholders in these projects?
2. For the three projects identified, what are some concrete examples of stakeholder involvement in each of the processes listed below?

Once the discussion is finished and the exercise setting clear, the facilitator reads the first statement:

Statement a: Programme priorities are based on actual needs of target groups.

Rating scale:

- 0 Not applicable or information not available to assess the element
- 1 Needs urgent and immediate attention
- 2 Needs major improvement
- 3 Needs improvement in limited aspects
- 4 Statement true, room for some improvement
- 5 Statement true, needs maintaining

The six participants give the following scores:

| | |
|----------------|---|
| Participant 1: | 3 |
| Participant 2: | 3 |
| Participant 3: | 2 |
| Participant 4: | 4 |
| Participant 5: | 2 |
| Participant 6: | 1 |

The total score for the statement a is 17, which divided by 6 gives the average of 2.83.

The total score for statement b (Programme priorities and services are defined in collaboration with stakeholders) gives the average of 2.23 and for statement c (Programmes are efficient, adequate, cost effective and timely) the average is 3.09.

By taking the sum of the three averages (2.83 + 2.23 + 3.09) and then dividing the sum by 3, the average score for sub-section 2 Constituency through stakeholder commitment and ownership is 2.72.

Before this detailed calculation is done, however, the individual scores are written down on a whiteboard and a consensus score is decided upon by discussion. The consensus score, 3, is slightly above the numerical score, which could indicate that persons with a less rosy picture of participation felt uneasy about expressing their dissatisfaction in open discussion with middle management present.

The same process is applied to each capacity area until all the statements have been covered.

The assessment report, which serves as a baseline for capacity building activity planning, includes the following elements:

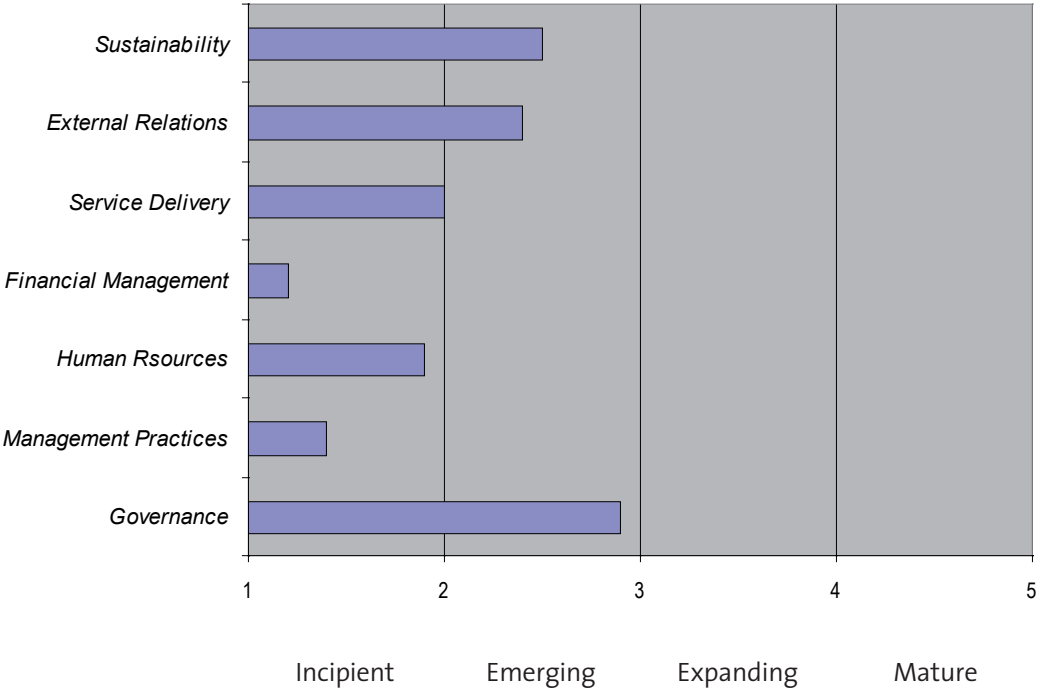
1. background to the assessment and overview of the findings;
2. description of the prioritised capacity-building areas;
3. detailed summary of findings for each capacity area;
4. the OCA tool with scores (as annex);
5. list of participants by name and position (as annex).

STEP 6: Defining an organisation’s stages of growth and planning capacity-building activities

The first day of the OCA exercise was spent by producing data for analysis. The second day is spent on analysing the data and, based on the analysis, prioritising the capacities that need urgent strengthening and developing capacity-building action plans.

A graph capturing the self-assessment results for each of the seven capacities will be plotted as shown below.

Table 6. Case study OCA results in a graph form (OCAT method)



Reflections on OCA and capacity building

Strengths and weaknesses of OCA

The mere process of going through the organisational capacity assessment is in a way capacity-building of the organisation. In many cases organisations are made to realise that certain issues that they may not have even thought about are needed and important for their organisation to grow. The findings of a single assessment can be used for a variety of purposes including as a baseline for measuring organisational development over time, as a basis for selecting areas that need to be developed or as a tool for donors to select candidates for project funding.

Organisational capacity assessment does also have its weaknesses. The scoring in all the tools can be very subjective. Personal perspectives rather than the actual situation may influence the scoring. It should be noted that the OCA methodology relies on organisational *self-assessment*. Findings are valid only to the degree that team members are *objective, candid and knowledgeable* about their organisation.

Using numbers to represent capacity can be helpful when recognised as relative and not absolute measures. Many tools for measuring organisational capacity rely on ordinal scales. Ordinal scales are scales in which values can be ranked from high to low or more to less in relation to each other. They are useful for ordering by rank along a continuum but they can also be misleading. Despite the use of scoring criteria and guidelines, one person's 3 may be someone else's 4. In addition, ordinal scales do not indicate how far apart one score is from another. (For example, is the distance between 'agree' and 'strongly agree' the same as the distance between 'disagree' and 'strongly disagree'?) Qualitative descriptions of an organisation's capacity level are a good complement to ordinal scales.

Critique of current capacity-building practices of many Northern NGOs

A lot of Southern NGOs and CBOs benefit from the support they receive from the Northern NGO in the form of capacity building or other ways. This is a very valuable input and contributes to the Southern NGOs' sustainability and growth. However, certain practices render themselves ineffective in accelerating organisational growth in many Southern NGOs. Some of these conditions and practices are discussed below.

Capacity strengthening is a complex and long-term process that involves client organisation participation in the interventions. However, Northern donors tend to have short-term support and simplistic training approaches. Most Northern capacity-building organisations tend to focus on quantity instead of quality in capacity building. Much of the capacity building takes place through mass training with limited budgets. Many organisations are included but only one representative from each organisation is invited. This may not be very effective as the individuals do not have the support of the organisation to put into practice what they learnt during the training.

Much of the support given to client NGOs tends to be hardware, meaning tangible things like office equipment as opposed to software-type of support that includes support for changes in organisational culture, values etc. The same goes for recipient NGOs that tend to value the "fish" more than the "fishing net". Southern NGOs also tend to see hardware more appealing than support for organisational change.

Some experiences of OCA-based capacity building of Southern NGOs

The following are some of the observations and lessons learned from capacity building of Southern NGOs.

Some organisations go through the process mechanically, "as long as the donor says so". This might lead to a situation where some organisations have been trained in the same "capacity area" yet they are not developing in that capacity.

Training that targets single representatives from organisations is not very useful. The transfer and sharing of the knowledge gained with the rest of the staff and members of the organisation is not very effective or does not even take place in many cases.

Most organisations have a simplistic attitude of “we don’t have money, that’s why we’re not growing” without really looking at themselves straight in the eye.

Mentoring by a relatively similar organisation is far more effective in strengthening capacity than the other forms of capacity building.

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Annex I: Organisational Capacity Assessment Tool (OCAT)

Scoring system

| | |
|---|---|
| 0 | Not applicable or information not available to assess the element |
| 1 | Needs urgent and immediate attention |
| 2 | Needs major improvement |
| 3 | Needs improvement in limited aspects |
| 4 | Statement true, room for some improvement |
| 5 | Statement true, needs maintaining |

| | |
|---|--|
| A. GOVERNANCE | |
| 1. Board | |
| a. | The board or executive committee (this governing structure will be referred to as the board throughout this assessment) provides overall policy direction and oversight. |
| b. | The board provides accountability and credibility. |
| c. | The board is capable of carrying out key roles such as policy formulation (for the organisation), fundraising, public relations, financial oversight and lobbying. |
| d. | The board is composed of committed members who represent the varied interests of the stakeholders. |
| e. | At least 70% of board members attend all meetings. |
| f. | The board has clearly documented terms of reference and tenure of office. |
| 2. Mission/Goals | |
| a. | The organisation has clearly articulated mission/goals |
| b. | All the stakeholders understand the organisation's mission. |
| c. | The development of the mission, goals and objectives are based on research and analysis of the external and internal environment. |
| d. | The organisation has performance indicators to measure progress towards the achievement of the goals and objectives. |
| e. | The organisation has a written strategic plan with a clear timeframe. |
| f. | Implementation plans are jointly developed by all the appropriate stakeholders. |
| 3. Stakeholders | |
| a. | The organisation is able to identify key stakeholders. |
| b. | The results of stakeholder needs assessments are integrated into the planning process. |
| c. | Stakeholders are involved in the review of the organisation's mission and strategies. |
| 4. Leadership and organisational culture | |
| a. | The board leadership has a clear vision of the organisation's mission. |
| b. | Every board member knows the organisation's values, vision and mission. |

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| c. | The leadership style is participatory. |
| d. | The management has the skills, knowledge and experience to carry out their roles effectively. |
| e. | The management is accountable to key stakeholders. |
| f. | The management encourages mutual respect among the staff/volunteers. |
| g. | Information is shared freely among the members. |
| B. MANAGEMENT PRACTICES | |
| 1. Organisational structure | |
| a. | The organisation has an organisational structure with clearly defined lines of authority and responsibilities. |
| b. | The organisation has an organisational structure which is well-designed and relevant to the mission/goal. |
| c. | The positions within the organisational structure are filled. |
| d. | Systems are in place to ensure appropriate involvement of all levels of volunteers in decision-making. |
| e. | Regular assessments of the organisational structure are carried out and relevant updates made. |
| 2. Planning | |
| a. | Inputs from appropriate stakeholders are taken into account during planning. |
| b. | Implementation plans reflect a strategic plan. |
| c. | Implementation plans are reviewed regularly and updated when necessary. |
| d. | Resources are planned for and allocated properly. |
| e. | Flexibility exists to adjust plans as a result of the monitoring process. |
| 3. Programme development | |
| a. | Stakeholders and staff/volunteers are involved in programme design, implementation, monitoring and evaluation. |
| b. | Programme design incorporates monitoring, evaluation and reporting activities. |
| c. | Programme modifications reflect the use of monitoring, evaluation and reporting findings. |
| 4. Administrative procedures | |
| a. | The organisation is registered according to relevant legislation. |
| b. | Administrative procedure manual exist. |
| c. | Administrative procedures are adhered to. |
| d. | Procedures and operating manuals are updated. |
| e. | The organisation conforms to standard tax and labour regulations and requirements. |
| 5. Risk management | |
| a. | Systems are in place to minimise organisational abuses. |
| b. | Regular audits of inventory are conducted. |
| c. | Annual external audit reports include a review of management practices. |
| d. | Recommendations of management practices in external annual audit reports are implemented. |
| 6. Information systems | |
| a. | Systems exist to collect, analyse and report data and information. |
| b. | Trained personnel are in place to analyse data. |
| c. | Systems are used to process, disseminate and solicit feedback of information. |

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| 7. Programme reporting |
| a. The organisation has the ability to produce appropriate reports. |
| b. The organisation regularly prepares activity reports. |
| c. The organisation regularly prepares evaluation reports. |
| d. The organisation publishes and disseminates information on its operations to appropriate stakeholders. |
| C. HUMAN RESOURCES |
| 1. Human resources development |
| a. A human resource development plan is in place. |
| b. Staff/volunteer training is based on capacity needs and strategic objectives. |
| c. Opportunities exist to integrate skills acquired in training into the work environment. |
| d. Job performance appraisals are held periodically. |
| e. Job promotions are based on performance. |
| 2. Human resources management |
| a. Selection criteria for volunteers are in place. |
| b. Recruitment process for staff is clearly defined, transparent and competitive. |
| c. Job descriptions are clearly defined, adhered to and updated. |
| d. Staff/board meetings are held regularly. |
| e. A simple and accessible Human Resource Manual exists and is followed (including procedures for the board, volunteers and staff). |
| f. Work of staff/volunteers is regularly internally monitored and evaluated and feedback given. |
| g. Grievances and conflict resolution procedures are documented well. |
| h. Grievances and conflict resolution procedures are understood well by the staff/volunteers and are used when necessary. |
| i. The workplace environment is appropriate in terms of health and safety. |
| 3. Salaries and benefits |
| a. Salaries/benefits are clearly structured and competitive. |
| b. A benefits policy is documented, disseminated and implemented, clearly stating the benefits for the board, staff and volunteers. |
| D. FINANCIAL RESOURCES |
| 1. Accounting |
| a. Financial procedures and reporting systems are in place. |
| b. Account categories exist to separate project funds. |
| 2. Budgeting |
| a. Budgeting is part of the annual implementation plan development process. |
| b. Responsibilities for the preparation, management and implementation of the annual budget plans are clearly defined. |
| c. Actual expenses are regularly monitored against the budget and variances are investigated. |
| 3. Financial/inventory controls |
| a. Stock control systems exist. |
| b. Stock controls are followed. |
| c. Procurement systems are in place. |

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| d. Procurement systems are being used. |
| e. Internal audits are conducted on a regular basis. |
| f. Annual external audits are conducted and include reviews of management practice. |
| g. Recommendations made in audits are implemented. |
| 4. Financial reporting |
| a. Financial reporting is timely. |
| b. Reports include a balance sheet |
| c. All financial transactions are recorded with relevant supporting documentation. |
| d. Reports are reviewed by the financial committee of the board. |
| E. SERVICE DELIVERY |
| 1. Sectoral expertise |
| a. The organisation has the experience necessary to accomplish its mission. |
| b. Relevant expertise exists within the organisation |
| c. The expertise is recognised by the full range of stakeholders. |
| d. The organisation is capable of adapting programme and service delivery to stakeholder/target groups' changing needs. |
| 2. Stakeholder commitment/ownership |
| a. Programme priorities are based on the actual needs of target groups. |
| b. Programme priorities and services are defined in collaboration with stakeholders. |
| c. Programmes are efficient, adequate, cost-effective and timely. |
| 3. Monitoring and evaluation systems |
| a. A clearly documented monitoring and evaluation system exists. |
| b. Project implementation is monitored against benchmarks. |
| c. Indicators have been identified for each programme objective |
| d. Baseline and impact data are collected and analysed regularly. |
| e. Results of evaluation are used to make adjustments to the programme. |
| F. EXTERNAL RELATIONS |
| 1. Stakeholder relations |
| a. The organisation is seen as credible by the stakeholders. |
| b. The organisation is seen as a valuable resource by the stakeholders |
| c. The organisation regards its stakeholders as full partners. |
| d. The organisation has relations with the private sector for technical expertise, material and human resources. |
| 2. Inter-organisational collaboration |
| a. The organisation networks and shares resources with national and international organisations. |
| b. The organisation plays a role in promoting coalitions/networks. |
| c. The organisation participates in advocacy activities. |
| 3. Government collaboration |
| a. The organisation has mechanisms in place to influence relevant government policies. |
| b. The organisation has contacts with government decision-makers. |
| c. The organisation is able to engage policy-makers in dialogue. |

| | |
|--|---|
| d. | Exchange of resources occurs between the Organisation and government. |
| e. | The organisation's activities and recommendations are integrated into government development plans. |
| 4. Donor collaboration | |
| a. | The organisation has practices and procedures for recognising donors. |
| b. | The organisation has diversified contacts within the funding community. |
| c. | The organisation is seen as credible by funders. |
| d. | The organisation is seen as a valuable resource by funders. |
| 5. Public relations | |
| a. | The organisation engages in public relations. |
| b. | The organisation's objectives and goals are understood by the stakeholders. |
| c. | The organisation has a positive image among the stakeholders. |
| 6. Media relations | |
| a. | The organisation maintains diverse contacts with media outlets. |
| b. | The organisation has a strategy to work with the media. |
| c. | The media consults the organisation on relevant issues. |
| G. SUSTAINABILITY | |
| 1. Programme/benefit sustainability | |
| a. | Programmes are supported by those being served. |
| b. | There is sense of ownership of benefits by the beneficiaries. |
| c. | The organisation ensures that local level skills transfer takes place. |
| 2. Organisational sustainability | |
| a. | The organisation has a shared vision of its role in society. |
| b. | The organisation is a member of key NGO networks |
| c. | The organisation reviews its structures in response to organisational development needs. |
| d. | The organisation has linkages with international NGOs, educational institutions, government entities, research institutes, civil institutions and the private sector. |
| 3. Financial sustainability | |
| a. | The organisation has the ability to access diversified resources to contribute to its activities. |
| b. | The organisation has more than one funder. |
| c. | Funds for short-term expenses are available. |
| d. | The organisation has a long-term business/funding/resource development plan for the needed finances. |
| e. | The organisation has an immediate fundraising strategy. |
| f. | The organisation has the capacity to implement the fundraising strategy. |
| g. | Local fundraising opportunities have been identified. |
| h. | The organisation has the capacity to write proposals and win tenders. |

Annex II: Stages of growth of an organisation based on the OCA tool (OCAT)

| OCAT categories and stages of organisational development | | | | |
|--|---|---|--|--|
| | Nascent organisations | Emerging organisations | Expanding organisations | |
| | | | Mature organisations | |
| GOVERNANCE | | | | |
| Board | <p>No board or independent body exists to provide policy direction or oversight.</p> <p>The board does not differentiate between oversight and management roles.</p> <p>If the board is beginning to provide oversight, it may not represent the varied interests of stakeholders.</p> <p>The board is not assisting management to identify legislators, influence public opinion or raise funds.</p> <p>Board members seem to lack commitment.</p> | <p>Members of the board or independent body have been identified but have not yet assumed a leadership role.</p> <p>The board is attempting to micro-manage rather than provide oversight.</p> <p>The board is not influencing public opinion or legislators.</p> <p>The board is not aware of the needs of stakeholders or the role they could play.</p> | <p>The board's membership is stable and functioning.</p> <p>The board is able to differentiate between its role and that of management.</p> <p>The board has some members who are leaders in relevant fields but it lacks broader representation.</p> <p>The board is aware of its responsibility to provide oversight and represent the interests of stakeholders but is not consistently doing so.</p> <p>Mechanisms for obtaining input from stakeholders are in place but not being used consistently.</p> | <p>The board provides overall policy direction and oversight.</p> <p>The board provides accountability and credibility.</p> <p>The board's composition includes leaders in the field of the NGO's mission who are capable of carrying out such roles as policy direction, fundraising, public relations, financial oversight and lobbying.</p> <p>The board is composed of committed members who represent the varied interests of the stakeholders.</p> <p>Mechanisms are in place to obtain appropriate input from stakeholders.</p> <p>The board executes its role of advocate for the community.</p> |
| Mission/goal | <p>The NGO has a vague idea of its mission and the contribution it is attempting to make.</p> <p>The mission is understood by only one or a few members of the board or senior management.</p> <p>The activities carried out by stakeholders may have little relationship to the mission of the NGO.</p> <p>Implementation plans are developed by senior management without input from staff or stakeholders.</p> | <p>The mission may be clarified internally but it is not widely understood by the public.</p> <p>The mission is not reflected in planning or job functions.</p> <p>Planning is done by senior management with little input from staff and stakeholders.</p> | <p>The vision and mission are clear to staff, stakeholders and outsiders.</p> <p>Strategies and objectives are aligned with the mission.</p> <p>Implementation planning may be conducted by senior management and linked to the budgeting process with some input from staff or stakeholders.</p> | <p>The NGO has clearly articulated mission/goals which are understood by all stakeholders.</p> <p>Strategies are aligned with the mission, realistic and take the form of clear objective statements as to how they can be achieved.</p> <p>Implementation plans are jointly developed by senior management, staff and other appropriate stakeholders.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
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| Legal status | <p>The NGO may or may not be legally registered according to local regulations.</p> <p>The NGO does not benefit from whatever fiduciary and taxation status is permissible under local law.</p> | <p>The NGO is registered but has not yet integrated financial and legal advice into planning and management decisions.</p> <p>The NGO is not in compliance with some local reporting and labour requirements.</p> | <p>The NGO has integrated appropriate expert advice into planning and management systems.</p> <p>The NGO is generally in compliance with local reporting, tax and labour requirements.</p> | <p>The NGO is properly registered according to local regulations.</p> <p>The NGO benefits from the financial and legal status permissible under local law.</p> |
| Stakeholders | <p>The NGO's links with the stakeholders are weak.</p> <p>The NGO views its community as passive beneficiaries rather than potential partners.</p> <p>The NGO does not serve as an advocate for the community.</p> <p>The NGO is unable to identify key stakeholders.</p> | <p>The NGO's outreach to stakeholders is improving.</p> <p>Certain influential members of the community may be consulted or invited to participate in some decisions because they are seen to have a stake in the outcome.</p> <p>Some awareness exists of the possible role of the NGO as an advocate for the community.</p> | <p>The NGO's stakeholders are defined well and their needs and views are considered in planning and decision-making.</p> <p>The NGO is involved in lobbying and other advocacy functions on behalf of the community.</p> <p>The NGO is coming to view the community and other stakeholders as partners.</p> | <p>The NGO's stakeholders are defined well.</p> <p>The NGO recognises the community and other stakeholders as partners.</p> <p>Results of community needs assessments are integrated into the planning process.</p> <p>The NGO's mission and strategies are reviewed by stakeholders.</p> |
| Leadership | <p>There is an individual or a few individuals in the NGO who control most functions.</p> <p>Management style is directive and staff members or volunteers primarily provide technical input.</p> <p>Management does not articulate the NGO's purpose to staff clearly.</p> <p>The board and senior management lack a clear understanding of their respective roles.</p> <p>Members of leadership lack understanding of their responsibility to stakeholders.</p> | <p>Most decisions are made by the board, sometimes with input from one or two staff members.</p> <p>Staff has little understanding of how management makes decisions.</p> <p>Leadership is still seen primarily as directive and controlling, rather than enabling self-direction to employees and monitoring their performance.</p> <p>Members of leadership are aware of stakeholders but do not make themselves available.</p> | <p>Senior management's relationship to staff is more consultative and management decisions are delegated.</p> <p>Staff increasingly understand decision-making but are not systematically involved in it.</p> <p>Members of leadership understand that one of their primary roles is to provide overall direction and monitor performance but are still concerned with control.</p> <p>More effort is made by leadership to contact and involve stakeholders.</p> | <p>The board and senior management have a clear understanding of their roles and responsibilities as providers of overall direction.</p> <p>The leadership style of senior management is participatory.</p> <p>Senior management is responsible to all stakeholders.</p> <p>Members of leadership are accessible to all stakeholders.</p> |

| MANAGEMENT PRACTICES | |
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| <p>Organisational structure and culture</p> <p>The NGO has no clearly defined organisational structure, and lines of authority and responsibility are not clearly defined.</p> <p>The NGO has no management policies.</p> <p>The NGO has no systems to measure congruence between stated mission and operational culture.</p> <p>The NGO has no system to ensure appropriate involvement of staff in decision-making.</p> <p>The NGO has no operational systems to ensure mutual accountability.</p> | <p>The NGO has a defined organisational structure but lines of authority remain unclear and authority tends to be exercised by an individual or a few individuals.</p> <p>The NGO has developed systems and policies but they are not implemented, regularly followed or reviewed.</p> |
| <p>Planning</p> <p>The NGO carries out some planning but with little or no input from staff and stakeholders.</p> <p>The NGO makes decisions and plans activities without reference to the agreed strategies to achieve the mission.</p> <p>There is little assessment of the resources required to undertake activities.</p> <p>Plans, once implemented, are neither reviewed nor modified.</p> <p>Resources are not planned for or allocated properly.</p> | <p>The NGO has a defined organisational structure with clear lines of authority and responsibility.</p> <p>The NGO's administration places emphasis on the areas of responsibility but does not confer the necessary authority on individuals to permit them to operate effectively.</p> <p>The NGO is not effectively incorporating the organisational structure into assigned tasks or using it to assess organisational development or ensure accountability.</p> <p>Management policies ensure regular audits of organisational development.</p> <p>Strategic and short-term planning is conducted primarily by senior management.</p> <p>Staff and stakeholders may have some input in the planning but they are not involved in decision-making.</p> <p>There are occasional reviews and revisions of implementation plans.</p> <p>Some attempt is being made to identify and allocate additional resources.</p> |
| | <p>The NGO has a defined organisational structure with clear lines of authority and responsibility.</p> <p>Management policies to ensure regular audits of organisational development are in place.</p> <p>Systems are in place to regularly measure congruence between stated mission and operating culture.</p> <p>Systems are in place to ensure appropriate involvement of all levels of staff in decision-making.</p> <p>The NGO has operational systems to ensure mutual accountability.</p> <p>Inputs from appropriate stakeholders are taken into account during planning.</p> <p>Implementation plans reflect a strategic plan.</p> <p>Implementation plans are updated.</p> <p>Resources are planned for and allocated properly.</p> <p>Flexibility exists to adjust plans as a result of the monitoring process.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
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| Personnel | <p>There are no formal personnel procedures to administer salaries and benefits or to record personnel data.</p> <p>Formal employment procedures do not exist.</p> <p>Recruitment processes are not defined, transparent or competitive.</p> <p>Management does not actively encourage mutual respect among staff.</p> <p>Recourse procedures do not exist.</p> | <p>Basic personnel administrative systems exist but informal employment practices continue.</p> <p>Positions are not advertised externally and there are no common procedures for determining qualifications for employment, recruitment, hiring and termination.</p> <p>Recourse procedures and mutual respect have not yet been integrated into the organisational culture.</p> | <p>The strategic value of human resources and the need to integrate personnel practices into the strategic planning process are not fully understood.</p> <p>All necessary personnel systems are formalised and implemented although informal mechanisms are used occasionally.</p> <p>Recourse procedures and mutual respect have been integrated into the organisational culture.</p> | <p>Selection criteria for staff are in place.</p> <p>The recruitment process is clearly defined.</p> <p>Recruitment processes are transparent and competitive.</p> <p>Job descriptions are clearly defined.</p> <p>Staff is deployed according to job descriptions.</p> <p>Management encourages mutual respect among staff.</p> <p>Staff are aware that recourse procedures for staff exist.</p> |
| Programme development | <p>Programme development is largely funder or staff-driven, with little input from stakeholders, and is managed on a project-by-project basis.</p> <p>Programme design, implementation, monitoring and evaluation, if done, are carried out based on funder requirements.</p> <p>Often the funder's system is not understood well and is poorly implemented and badly managed.</p> <p>Monitoring, evaluation and reporting activities are not included in programme design.</p> | <p>Individual projects are developed within an overall programmatic framework.</p> <p>Occasional evaluations conducted at the request of funders are undertaken by outsiders.</p> <p>Stakeholders are involved only as programme recipients.</p> <p>No comprehensive system exists for determining the purpose and objectives of programmes/projects or for monitoring and evaluation.</p> | <p>A comprehensive system exists for programme development and implementation.</p> <p>This system is sometimes one imposed by a funder or may have been developed by the NGO itself.</p> <p>Either system can provide the information required by the funder and allows for monitoring and evaluation to be carried out by the staff.</p> <p>Stakeholders are consulted on programme design and involved in implementation and evaluation.</p> | <p>Stakeholders and staff are involved in programme design, implementation, monitoring, and evaluation.</p> <p>Programme design incorporates monitoring, evaluation, and reporting activities.</p> <p>Programme modifications reflect monitoring, evaluation, and reporting findings.</p> |

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| Administrative procedures | No administrative procedures or manuals exist. Administrative procedures are informal and NGO staff lack a common understanding of them. | Administrative procedures are increasingly formalised. Administrative procedures are not being fully utilised. No administrative procedures or manuals exist. | Administrative systems are formalised and functioning. Administrative procedures and manuals exist but are not referred to regularly. | Administrative procedures and manuals exist. Administrative procedures are adhered to. Procedures and operating manuals are updated regularly. |
| Risk management | No systems exist to protect the NGO against organisational abuses. Audits and stock-taking, if conducted, are irregular. No external audits are carried out. | Systems are in place to protect against organisational abuses but have not been implemented. Audits and stock-taking continue to be sporadic. External audits carried out at funders' request. | Systems are in place but continue to be used on an irregular basis. Audits and stock-taking are now integrated into planning. External audits are carried out annually. | Systems are in place to minimise organisational abuses. Regular audits of inventory are conducted. Annual external audit reports include a review of management practices. Recommendations on management practices in annual external audit reports are implemented. |
| Information systems | No system exists within the NGO to collect, analyse or disseminate data. Information is collected randomly and manually. Information is not shared among stakeholders. | Data utilisation potential is not understood. A rudimentary electronic information system is in place but is not accessible to all staff. Computers are used primarily for word-processing and bookkeeping. | An information system is operational and most staff have access to it. The information system is still primarily used for word-processing and bookkeeping but individual staff understands and use data on an ad hoc basis. There is no mechanism for integrating information from the system into the NGO's planning process. There is no mechanism to disseminate or solicit feedback. | Systems exist to collect, analyse, and report data and information. Trained personnel are in place to manage information systems. Systems are used to process, disseminate, and solicit feedback of information. |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
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| Programme reporting | <p>The NGO does not report on the results of activities or evaluations to stakeholders.</p> <p>The NGO is not sharing information based on lessons learned from activities and evaluations.</p> <p>The NGO does not have the ability to prepare regular activity or evaluation reports.</p> | <p>The NGO provides information on activities and evaluations only when requested or required by a funder.</p> <p>The NGO shares information on activities only as required. Report formats reflect funder needs.</p> | <p>The NGO does not yet have an effective system through which to share information on lessons learned from its experience.</p> <p>The NGO occasionally publishes the results of its activities and evaluations but it does not have a strategy for dissemination.</p> <p>The NGO has developed some flexible report formats to reflect the needs of different stakeholders.</p> | <p>The NGO has the ability to produce appropriate reports.</p> <p>The NGO regularly prepares activity reports.</p> <p>The NGO regularly prepares evaluation reports.</p> <p>The NGO publishes and disseminates information on its operations.</p> <p>Reporting formats are flexible, varied and respond to stakeholder information requirements.</p> |
| HUMAN RESOURCES | | | | |
| Human resources development | <p>The NGO does not conduct systematic appraisals of staff performance on which to plan for changes or improvements.</p> <p>The NGO is unable to plan for change to improve the performance of individuals through better work planning, training, development and promotion.</p> <p>There is little or no understanding of the relationship between staff performance and the achievement of NGO objectives.</p> | <p>There is a good match between staff responsibilities and skill requirements.</p> <p>A staff appraisal system may exist but it is not necessarily based on job performance.</p> <p>The NGO has identified resources with which to conduct ad hoc training of staff.</p> <p>Personnel policies are not defined.</p> | <p>The NGO has a performance-based appraisal system in place, but it is not always applied or equitable.</p> <p>Staff are sometimes assigned and promoted according to their job performance.</p> <p>Staff development needs are assessed and used to develop training plans.</p> | <p>A human resources development plan is in place.</p> <p>Staff training is based on capacity, needs and objectives.</p> <p>Opportunities exist to integrate skills acquired in training into the work environment.</p> <p>Job appraisals and promotions are performance-based and equitable.</p> |

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| <p>Human resources management</p> | <p>The NGO has no particular process to determine the relationship between human resource needs and programme objectives. The roles and job responsibilities of existing staff are unclear and changeable. The limited staff are expected to carry out responsibilities beyond their expertise and some essential tasks are not done by anyone. Job descriptions and work responsibilities are not documented. Job performance is not assessed and there is no plan to improve staff performance. The relationship between staff performance and the achievement of NGO programme objectives is not understood. Salaries are not competitive and benefits do not exist. Standard tax and labour regulations are not being respected. No mechanisms exist for grievance or conflict resolution.</p> | <p>The NGO has no process to analyse or to identify work requirements and job functions. There is the beginning of a link between senior staff responsibilities and expertise but some gaps continue to exist in skill requirements. Job descriptions do exist, based on a supervisor's idea of the work to be accomplished. A job performance system may exist but it is not necessarily based on performance as defined in a job description. The NGO has identified some resources for ad hoc training of staff. Some benefits exist but salaries are not competitive. The NGO respects some existing tax and labour regulations. Procedures for grievance or conflict resolution are in place but not utilised.</p> | <p>Jobs are well-defined and documented in job descriptions and work assignments. All core skills required to perform job functions exist within the NGO. A performance-based appraisal system is in place and staff are assigned and promoted according to performance. Some human resource planning does take place but is still not integrated with job performance or the strategic planning process. A training plan exists and is based on an assessment of staff development needs. Salaries and benefits are structured but not fully competitive. Tax and labour regulations and requirements are generally respected. Grievance and conflict procedures are randomly followed.</p> | <p>Job descriptions are documented and updated. Job descriptions are respected. Clearly established links exist between staff capacity and the NGO mission. Salaries are clearly structured and competitive. The benefits policy is documented and implemented. The NGO conforms to standard tax and labour regulations and requirements. Supervision occurs on a regular basis. Grievance and conflict resolution procedures are used when necessary. A health and safety policy is in place</p> |
| <p>Diversity</p> | <p>The staff and board do not represent the diversity of the community or the interests of stakeholders.</p> | <p>No policy exists but among some levels of the NGO there is some awareness of and interest in the value and need for representation from the various members of the community.</p> | <p>Policies exist to diversify the board and staff but their composition does not yet fully reflect that of the community.</p> | <p>The diversity of the community is reflected in the composition of the board and staff.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
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| Work organisation | <p>There is little understanding of the need to organise work beyond issuing directives.</p> <p>No mechanisms are in place to coordinate work activities of different staff.</p> <p>There is little understanding of what it means to work as a team.</p> <p>Meetings are irregular, do not have a pre-determined purpose and agenda, are dominated by interests of a few, and do not reach concrete conclusions.</p> <p>Staff provide technical input only and are not involved in or informed of decisions.</p> <p>No formally recognised lines or mechanisms exist for intra-NGO communication.</p> | <p>Work is organised by supervisors.</p> <p>Little attention is paid to work flow or to consciously organising work beyond work plans.</p> <p>Individual, unit or project work plans are developed but these plans are not coordinated across functions.</p> <p>Regular meetings of staff are conducted according to known procedures.</p> <p>Selected staff are consulted on some decisions.</p> <p>Intra-NGO communication is conducted on an informal basis.</p> <p>Consciousness is developing on the part of staff and management that communication breakdowns and overlaps occur.</p> | <p>A top-down mentality continues to dominate and senior management make most major decisions.</p> <p>A variety of work methods are utilised.</p> <p>Staff are recognised as being able to make useful suggestions about how their own work should be organised.</p> <p>Team work is encouraged and work plans are shared across units and work sites.</p> <p>Communication is open and inter-hierarchical and links organisational unit/project structures.</p> <p>Staff know how to participate in meetings and are aware of how decisions are made.</p> | <p>Staff meetings are held regularly.</p> <p>Staff participate in management decisions.</p> <p>Team work is encouraged. Information is shared freely among all staff members.</p> <p>Staff teams are encouraged to take initiative and be self-motivated.</p> |
| FINANCIAL RESOURCES | | | | |
| Accounting | <p>The NGO's financial procedures are incomplete.</p> <p>The NGO's accounts are not yet set up for individual projects, and operating funds are not separated.</p> | <p>Basic financial recording systems are in place.</p> <p>Account categories exist and project funds are separated but some cross-project funding takes place.</p> | <p>Most of the NGO's funds are separated and it generally tries to avoid cross-project funding.</p> <p>Financial procedures and reporting systems are in place and function partially.</p> | <p>Financial procedures and reporting systems are in place and function fully.</p> <p>Account categories exist for separating project funds.</p> |

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| Budgeting | <p>Budgets are inadequate and if they do exist are produced due to funder requirements.</p> <p>The use of budgets as a management tool is not understood and the reliability of projections is questionable.</p> <p>The NGO has no budget controls in place.</p> <p>The NGO has no financial unit to prepare and manage budgets.</p> | <p>Budgets are developed for project activities but are often over- or under-spent.</p> <p>The executive director or accountant is the only staff member who knows and understands budget information.</p> <p>Budget controls are not in place.</p> | <p>Total expenditures often diverge from budget projections.</p> <p>Department and organisational unit heads are consulted by financial manager(s) about budget planning and expenditures.</p> <p>The budget reflects programme plans.</p> <p>The budget is controlled on an ongoing basis.</p> | <p>The budgeting process is integrated into annual implementation plans.</p> <p>A financial unit responsible for the preparation, management and implementation of the annual budget exists.</p> <p>Annual financial projections are made.</p> <p>The annual budget is implemented.</p> <p>The budget is controlled on an ongoing basis.</p> |
| Stock controls/ audit | <p>The NGO has no clear procedures for handling payables and receivables, and procurement or stock controls do not exist.</p> <p>No audits or external financial reviews are performed.</p> | <p>The NGO has established financial controls but has not yet implemented procedures.</p> <p>Independent audits or external financial reviews are rarely performed and then only at the request of a funder.</p> <p>Stock controls have not been established nor implemented.</p> | <p>The NGO has adequate financial and stock control systems.</p> <p>Independent audits or external financial reviews are performed periodically at funder's request.</p> <p>Internal audits are conducted on an ad hoc basis.</p> | <p>Stock control systems exist.</p> <p>Stock controls are followed.</p> <p>Procurement systems are in place.</p> <p>Procurement systems are used.</p> <p>Internal audits are conducted on a regular basis.</p> <p>External audits are conducted on a regular basis.</p> <p>Expenses are controlled by project allocations.</p> |
| Financial reporting | <p>The NGO has no system for reporting on its financial status.</p> <p>If financial reports are produced, they are donor-driven.</p> <p>Financial reports are inaccurate, incomplete and difficult to understand and not produced in a timely fashion.</p> <p>If financial reports exist, they are not used for planning or review purposes.</p> | <p>The NGO has a system in place to produce financial reports but these are still produced in response to funder demand.</p> <p>Financial reports are not timely or complete enough to be used in long-term planning.</p> <p>Financial reports are not reviewed by the fiscal committee of the board.</p> | <p>The NGO occasionally produces accurate and complete financial reports which it makes available to the board and management.</p> <p>The NGO uses financial reports, when available, in long-term planning.</p> <p>Annual financial reports are prepared by external auditors and disseminated.</p> | <p>Annual financial reports are prepared by a registered firm of auditors and published and disseminated.</p> <p>Reports include balance sheet and attachments.</p> <p>Reports are reviewed by the fiscal committee of the board.</p> <p>Reports are used for planning and review purposes.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
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| Diversification of income base | <p>The NGO is dependent on one funding source.</p> <p>The NGO lacks capacity to diversify the funding base or tender for contracts.</p> <p>The NGO has no cost recovery or income generation activities.</p> | <p>The NGO is aware of the need to diversify its funding base but has not yet developed a plan or strategy to do so.</p> <p>The NGO has not yet developed the capacity to tender for contracts.</p> | <p>The NGO has identified more than one international funder but has yet to develop local contacts.</p> <p>The NGO has developed a plan for cost-recovery and income generating activities but has yet to implement activities.</p> <p>The NGO has skills to tender for contracts but has yet to win any bids.</p> | <p>The NGO has multiple funders.</p> <p>A cost-recovery/income generation plan is in place.</p> <p>The NGO has the ability to tender for, and has won, contracts.</p> <p>The NGO has a strategy to diversify funding sources.</p> |
| SERVICE DELIVERY | | | | |
| Sectoral expertise | <p>The NGO has some good ideas about how to meet the needs of its target groups.</p> <p>The NGO has little operational or programme experience.</p> <p>The NGO has no sectoral expertise or track record.</p> | <p>The NGO has increasing expertise in a targeted sector but is not yet recognised as an expert.</p> <p>The NGO has the capacity to access additional expertise as required in a targeted sector.</p> <p>The NGO continues to deliver services which do not always reflect the changing needs of stakeholders.</p> | <p>The NGO is recognised as having significant expertise in its targeted sector and is being invited to contribute to sectoral discussions.</p> <p>The NGO is able to deliver effective and appropriate services to stakeholders.</p> <p>The NGO is beginning to build service fees and other cost recovery mechanisms into its service delivery.</p> | <p>The NGO has relevant sectoral expertise.</p> <p>Its expertise is recognised by the full range of stakeholders.</p> <p>The NGO is capable of adapting programme and service delivery to the evolving needs of stakeholders.</p> |

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| Stakeholder commitment/ ownership | <p>The NGO's services are defined by funders or managers with no involvement from stakeholders.</p> <p>The NGO's programmes (since they do not reflect actual needs) are not efficient, adequate, cost-effective nor timely.</p> <p>The NGO is not providing capacity-building training/technical assistance to stakeholders.</p> | <p>The NGO seeks stakeholder input into defining services but does not do so in a systematic or comprehensive manner.</p> <p>The NGO has identified resources for ad hoc training of stakeholders in programme and technical areas.</p> <p>The NGO's programmes are not efficient, adequate, cost-effective or timely.</p> <p>The NGO has not identified resources to support the organisational capacity-building of stakeholders.</p> | <p>The NGO has mechanisms in place to involve its stakeholders in project planning and implementation and monitoring and evaluation.</p> <p>The NGO has plans to transfer management responsibilities to stakeholders and to provide training and organisational development support to build its capacity.</p> <p>Programmes are becoming more efficient, adequate, cost-effective and timely.</p> | <p>Programme priorities are based on actual need.</p> <p>Programme priorities and services are defined in collaboration with stakeholders.</p> <p>Programmes are efficient, adequate, cost-effective and timely.</p> |
| Assessment | <p>The NGO does not have a system to monitor and evaluate its programme/project achievements.</p> <p>The NGO has no mechanism with which to determine impact indicators, establish baseline measures or assess the impact of its activities</p> | <p>The NGO is able to assess individual projects to determine if projected activities took place as planned and if specific project objectives were achieved, but the results are not used for programme adjustment.</p> <p>The NGO has no baseline data or system to monitor its activities.</p> <p>Results and indicators were developed at the request of funders.</p> | <p>The NGO has identified indicators without stakeholder involvement and collected baseline data with which to monitor project activities, but is not using the collected data for project modification.</p> <p>The NGO is aware of the need to develop assessment capacity to measure impact but has not established a system.</p> | <p>Collaborative development of indicators.</p> <p>Indicators have been identified for each programme objective.</p> <p>Baseline and impact data are analysed regularly.</p> <p>Results of impact evaluations are used to make adjustments to the programme.</p> <p>Results are disseminated as appropriate/relevant.</p> |
| Marketing and awareness building | <p>The NGO makes no effort to market programmes to stakeholders.</p> <p>The NGO does not educate or build awareness among stakeholders.</p> | <p>The NGO has no awareness of the need to market programmes.</p> <p>The NGO is educating and building awareness on an ad hoc basis based on available resources, not stakeholder need.</p> | <p>The NGO has undertaken marketing activities but still lacks a strategy.</p> <p>The NGO has a plan to build awareness and educate stakeholders.</p> | <p>Programmes are actively marketed to stakeholders.</p> <p>The NGO actively educates and builds awareness among stakeholders.</p> |

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| EXTERNAL RELATIONS | | | | |
| Stakeholder relations | <p>The NGO's agenda is largely funder-and management-driven, with little or no input from stakeholders.</p> <p>The NGO is located in an urban centre and its headquarters are a long distance from where it carries out activities, making it difficult to involve stakeholders effectively.</p> <p>The NGO develops systems and programmes in a top-down manner.</p> | <p>The NGO's work is focused in the field and it is viewed as an ally by stakeholders.</p> <p>The NGO has growing credibility with its target stakeholders and with funders interested in the same programme sectors.</p> <p>The NGO is not yet viewed as a partner by stakeholders.</p> | <p>The NGO operates from a field project site.</p> <p>The NGO involves stakeholders in decision-making.</p> <p>The NGO views stakeholders as being responsible for providing counterpart resources.</p> <p>The NGO provides resources to enable target communities to develop organisational capacity.</p> | <p>The NGO is seen as credible by stakeholders.</p> <p>The NGO is seen as a valuable resource by stakeholders.</p> <p>The NGO-stakeholder relationship is one of partnership for a common purpose.</p> |
| Inter-NGO collaboration | <p>The NGO does not have experience in working with other NGOs, either local or international.</p> <p>The NGO is not known or trusted by the NGO community.</p> <p>The NGO has no plans to work in collaboration with other NGOs active in the same region or same sector.</p> <p>The NGO has little understanding of its role in advocacy or development of public policy.</p> | <p>The NGO is increasingly known and trusted by others in the NGO community but as yet has little experience in working collaboratively with others.</p> | <p>The NGO works with international or other local NGOs.</p> <p>The NGO participates in and supports NGO networks, but as yet does not play a leadership role in any NGO coalitions.</p> <p>The NGO has undertaken random advocacy activities.</p> | <p>The NGO networks and shares resources with national and international NGOs.</p> <p>The NGO plays a role in promoting coalitions/networks.</p> <p>The NGO participates in advocacy activities.</p> |
| Government collaboration | <p>The NGO does not collaborate with government agencies working in the same sector or geographical area.</p> <p>The NGO's relationship with the government is adversarial.</p> | <p>The NGO has identified common interests which it shares with the government and relations are friendly.</p> <p>The NGO collaborates with different government agencies or representatives on issues or activities in specific sectors.</p> | <p>The NGO's relationship with the government is friendly and often informal.</p> <p>The NGO is sometimes called upon by the government to carry out specific projects or collaborate on sectoral issues.</p> | <p>The NGO has contacts with decision-makers.</p> <p>The NGO is able to engage in dialogue with policy-makers.</p> <p>The NGO and the government exchange resources.</p> <p>The NGO's activities and recommendations are integrated into the government's development plans.</p> |

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| <p>Funder collaboration</p> | <p>The NGO sees funders as a resource to finance activities and has not yet developed a relationship or made contributions to funder forums or agendas.</p> | <p>The NGO has received funding but has yet to establish a track record or to acquire sufficient credibility to be invited to participate in funder forums.</p> | <p>The NGO has a proven track record, has established its credibility and is invited by funders to contribute to discussions on sectoral issues.</p> | <p>The NGO has diversified contacts within the funding community. The NGO is seen as a credible and valuable resource by funders. The NGO has opportunity to engage in open and frank dialogue with funders.</p> |
| <p>Public relations</p> | <p>The NGO is not well known outside the range of its activities or stakeholders. The NGO has no clear image which it articulates or presents to the public. The NGO has not prepared a document for dissemination that provides information about its objectives or activities.</p> | <p>The NGO is known in its own community, but does little to promote its activities with the public or with key governmental decision-makers. The NGO understands that public relations are important but has no ability to carry out PR activities.</p> | <p>The NGO has limited contact with key decision-makers and has limited lines of communication with the public. The NGO has clear ideas on issues but has yet to develop them into a policy platform.</p> | <p>The NGO engages in public relations and has a positive image among stakeholders. The NGO's objectives and goals are understood by stakeholders. Information is disseminated on the NGO's activities.</p> |
| <p>Local resources</p> | <p>The NGO tends to view the private business sector with suspicion and distrust. The NGO does not work in cooperation with any part of the private sector to draw on resources, technical expertise or influence. The NGO's programmes are not based on local resource availability. The NGO is not an active participant in civil society activities.</p> | <p>The NGO has begun to identify local support in addition to that which it receives from stakeholders. The NGO seeks technical assistance from some private sector and government resources. The NGO purchases goods and services from the private sector.</p> | <p>The NGO draws support from the local private sector and government agencies but projects still depend on continued support from external funders. The NGO has recruited individuals from the private business sector to serve on its board or as technical advisors. The NGO is actively engaged with other civil society organisations.</p> | <p>The NGO has relations with the private sector for technical expertise, material and/or human resources. The NGO participates in community partnerships. The NGO has structures in place to facilitate working relations with civil society.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
|--|--|--|---|---|
| Media | The NGO has no relationship with the media, and its work is not known to them. | The NGO's activities are not known outside of its community. The NGO does not yet know how to access or use media to inform the public about its work. | The NGO has contacts in the media which it uses when it wishes to inform the public about an important issue. The NGO has received some attention and has been consulted by the media on relevant issues. | The NGO has a strategy to work with the media. The NGO has received positive media attention. The media consults with the NGO on relevant issues. |
| SUSTAINABILITY | | | | |
| Programme/ benefit sustainability | The NGO stakeholders do not see or feel that they benefit from services or programmes. The NGO has no understanding or plan for continuity. The NGO is not working with local institutions. The NGO is not involved in skills-transfer activities. | The NGO stakeholders recognise the benefits from services and programmes but do not yet have the means to continue them without assistance from the NGO. The NGO has yet to develop relationships with, and is not providing capacity building assistance to, local organisations. | The NGO stakeholders recognise the benefits of, and are involved in, decision-making for services and programmes but continue to rely on assistance from the NGO. The NGO has developed relationships with local organisations and is providing training and technical assistance to build capacity but as yet has no phasing-out strategies. | The NGO's programmes are supported by those being served. There is a sense of ownership of benefits by the community. The NGO has developed systems for the continuation of its programme activities in accordance with changes in the community. The NGO has developed systems for continuation of its programme in the medium and long term. The NGO has developed programmatic phasing-out strategies. The NGO ensures that local-level skills transfer takes place. |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
|--------------------------------------|--|--|--|---|
| Organisational sustainability | <p>The NGO lacks a shared vision and skills to interact with other development partners in civil society</p> <p>The NGO has no understanding of its role as a partner in development.</p> <p>The NGO is not involved in coalitions and networks.</p> | <p>The NGO has a shared vision but as yet lacks the understanding and skills to interact with other development partners.</p> <p>The NGO is a member of coalitions and networks but is not yet able to provide leadership.</p> | <p>The NGO has a clear vision of its role and the skills necessary to participate in development activities.</p> <p>The NGO participates in NGO networks and coalitions but is not yet playing a leadership role in the NGO community.</p> <p>The NGO is acknowledged to have expertise in a sector but is not recognised as a leader or consulted by funders or government.</p> | <p>The NGO has a shared vision of its role in society.</p> <p>The NGO is a member of key NGO networks.</p> <p>The NGO shares information in a proactive manner.</p> <p>The NGO is a participant in a dynamic development arena.</p> <p>The NGO has linkages with international NGOs, education institutions, government entities, research institutes, parastatals, civic institutions and the private sector.</p> <p>The NGO has capacity to review its structures in response to organisational development needs.</p> <p>The NGO is aware of legislation affecting the NGO sector.</p> <p>The NGO contributes to the development of an enabling environment for the development of the NGO sector.</p> |

| | Nascent organisations | Emerging organisations | Expanding organisations | Mature organisations |
|-------------------------------------|--|---|--|---|
| Financial sustainability | <p>The NGO has limited capacity to access funding and does not recognise the need to diversify its resource base.</p> <p>The NGO has limited capacity to develop project funding proposals or respond to tenders.</p> <p>The NGO has not developed contacts or relationships with the local resource base.</p> | <p>The NGO has begun to understand the need to develop alternative resources but has no concrete direction or plan.</p> <p>The NGO has no relations with local government or private business sector organisations.</p> <p>The NGO is able to develop project funding proposals but does not have ready access to the funder community.</p> <p>The NGO does not have the skills required to tender.</p> | <p>The NGO has begun to explore alternative resources through developing relationships with the government and the private business sector.</p> <p>The NGO has secured alternative resources such as in-kind and commodities donations and membership fees.</p> <p>The NGO has begun to diversify its funding base and to develop cost-recovery mechanisms and programmes.</p> <p>The NGO has tendered for contracts but has won very few bids.</p> | <p>The NGO has, where appropriate, fee-for-service and/or other cost recovery mechanisms built into service delivery.</p> <p>The NGO has a fundraising strategy and has the capacity to implement this strategy.</p> <p>Local fundraising opportunities have been identified.</p> <p>The NGO has capacity to develop proposals and respond to tenders and wins many bids.</p> |
| Resource base sustainability | <p>The NGO's operating funds come from only one source and are raised for one short-term project at a time.</p> <p>The NGO has little understanding of the need to eventually become self-supporting and has not yet attempted to identify local resources.</p> <p>The NGO's funding is insufficient to meet plans or to provide project services.</p> | <p>The NGO has funding to cover short-term project costs and overhead costs.</p> <p>The NGO can prepare a multi-year programme budget but is still dependent on a single funder.</p> <p>The NGO is beginning to become aware of local resource generation possibilities but has not yet identified or mobilised them.</p> | <p>The NGO has funds for short-term expenses but has also developed a medium-term funding plan and strategies.</p> <p>The NGO is not dependent either for overhead or for programme expenses on a single funder.</p> <p>The NGO is able to recover a percentage of core costs through locally generated resources membership dues, fee-for-services, regular fundraising, etc.)</p> <p>The NGO has identified and accesses local resources from the government and the private sector.</p> | <p>The NGO has identified a local resource base.</p> <p>The NGO has implemented a resource diversification plan.</p> <p>The NGO has plans to access additional resources to finance existing activities.</p> |



Organisational capacity assessment

An introduction to a tool

One of the central issues in the current development practice is the strengthening of Southern civil societies. NGOs' development projects increasingly include activities for the organisational development and capacity-building of Southern NGOs. Capacity building aims at smooth internal functioning of the organisations, efficient performance in order to reach organisational objectives and well-organised networking with other actors.

This KEPA Working Paper focuses on the assessment of organisational capacity and describes six basic steps in organisational analysis from defining the need to identifying the organisation's stage of development. What is most important, however, is what kinds of development and capacity-building efforts will follow once the analysis is completed.

KEPA's Working Papers

KEPA's Working Papers series offers information on development issues. Studies, seminar memos, and articles produced or commissioned by KEPA are published in the series. The papers cover e.g. topics of Southern civil societies, development work and political advocacy work of civil society organisations, development cooperation, impact assesment and international trade issues. The papers will be published in several languages.

The papers are available at KEPA's web site:
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