Organizational Capacity Assessment Tool (OCAT) for NGOs

This document provides an example of a tool by which NGOs, or those working with NGOs, can identify what they consider to be the model of what an NGO should be, and how their NGO measures up against this model. It can be adapted to different kinds of NGOs (examples are given here of a general NGO, a monitoring NGO, and an Advocacy NGO).

It enables an NGO to identify its strengths and weaknesses against this model as an important first step in diagnosing the reasons for these strengths and weaknesses, and in planning for the technical, managerial or organizational development interventions which are required to improve the organizational capacity of the NGO. It is not, by any means, the only tool for this purpose, but has proved itself useful in a number of countries in the world, and is offered for local modification. It is based on the idea that there are many common denominators in the organizational components of NGOs, together with some local variations.

Origins

Pact Inc. used the **Organizational Capacity Assessment Tool** developed in Ethiopia as its starting point. Pact has further developed versions of this tool (generically called OCAT) in Botswana, Madagascar, Angola, and Zambia and is continually applying and modifying this tool in other countries of the world.

This tool is being offered as a contribution to the development of the NGO sector for any organization which is interested in building the capacity of the NGO sector in a particular country, building the capacity of a particular NGO, or building the capacity of a particular kind of NGO.

Conceptual Background

<u>From the Donor Perspective:</u> It is usual for NGO donors to look at NGOs as vehicles for project implementation. In such cases the donor is interested in whether the NGO can carry out the project under discussion, and it will try and ascertain the capacities of the NGO in relation to that project.

Many commentators have decried this practice, and encouraged rather the development of the NGO as an organization which may be able to handle a variety of projects over time, and may be able to develop its own programs and projects, once the particular project (and project funding) under discussion is completed. Moreover examining the capacity of an NGO to carry out a particular project may not give the donor a rounded understanding of the NGOs competence when it may well have other donors who are asking it to carry out other projects at the same time.

<u>From the NGO perspective:</u> NGOs are also interested in their own organizational development, in their own progress towards organizational competence and sustainability. They want to develop beyond the requirements that a donor has of them for a particular project.

While those interested in the organizational development of NGOs (and the NGO sector) are able to diagnose strengths and weaknesses of an NGO by a participatory research, enquiry and investigation process, this process is limited by the lack of an agreed model of what an ideal NGO should look like. In many cases in Africa there is not a long history of NGOs, and no established tradition of the roles and responsibilities of NGOs. At the same time there is often increasing pressure from Governments and Donors to push NGOs into particular roles. An important part of organizational capacity assessment is to establish the model against which you are assessing capacity.

Both donors and NGOs should, therefore, have an interest in developing an understanding of the parameters of a complete and healthy NGO. There is great value in a tool which will help them to understand the elements of an NGO with well-rounded capacity, and which will help them to assess their NGO against this model.

What it is, and what it is not

What it is: this tool is designed for intermediary NGOs which take funds from some source in order to implement programs and deliver services to their target group. It is not designed for CSOs which are membership groups helping their own members.

It is a tool which is designed to be used by an organization in participation with a facilitator who is experienced in its use. It should be accompanied by objective fact finding in cases where the questions have a factual basis, and by detailed discussions in cases where the questions provoke argument. The advantages of this tool is that is offers a quantifiable way of recording organizational strengths and weaknesses at a particular point in time, thus offering the organization the possibility or repeating the exercise at another point in time and noting the changes, for the better or worse.

What it is not**:** this tool is not a "one size fits all" kind of tool, not a panacea for all problems. It is based on a model put forward as a basis for discussion, a model whose elements need to be interpreted and corroborated (or modified) in each case with each organization. Experience has shown that the exercise of deciding what an ideal NGO should look like is a very important learning exercise for the NGO, as important as the subsequent exercise of assessing the organization against the model.

Suggestions for use

Time, place, and facilitator:
The NGO which is interested in the use of this tool should arrange at least a two day meeting for this purpose, and should engage a facilitator who has some experience in the process of organizational capacity assessment, and who has prepared himself/herself by studying this exercise. The place should be one without interruptions where participants can concentrate on the job in hand.

Participants:
The usual primary stakeholders in an NGO are the Board, the staff, the volunteers, and the target group or beneficiaries. Secondary stakeholders are donors and the Government. The exercise is most useful for the Board, staff, and volunteers because they know the organization well. Certain parts of the exercise are very relevant to the target group and beneficiaries, but other parts are probably beyond their experience. The exercise is best done by all parties in one place together.

Introduction:

The Facilitator should explain that the meeting is intended to help the organization to agree on what they should look like, and then to assess how near or far they are to this model. From the results of this exercise they will be able to work out for themselves what areas of their organization they need to work on in order to make improvements. The exercise is not, however, going straight to the areas felt as problems by the NGO: it starts with on overview of the NGOs "Health". The facilitator is like the doctor who looks at vital signs (blood, urine, breathing, heartbeat etc.) to get an overview of the person's health before diagnosing problems. In this case, however, the facilitator is working with the person so that they can together examine the elements of their organizational health. The exercise is not a competition with prizes for best results. It is an examination of the present situation, in order to help plan for improvements.

Components of a healthy organization:

The facilitator introduces the basic components of a healthy organization, which follow - and says that experience has shown that these elements are required by an effective and sustainable organization. Participants may disagree, and will have the chance to disagree in the exercise, but these components are put forward as the basic structure for the exercise. The facilitator says that all issues important to the organization will find a place in this structure, but if they do not, there will be an opportunity for the participants to modify this structure.

Organisational Capacity Assessment Tool – Components and Sub-Components	
1. Governance Executive Committee/Board/Trustees Vision/Mission Constituency Leadership Legal Status	**2. Management Practices** Organizational Structure Information systems Administrative procedures Personnel Planning Program development Program Reporting
3. Human Resources Human Resource Development Staff Roles Work Organization Diversity Issues Supervisory practices Salaries and Benefits	**4. Financial Resources** Accounting Budgets Financial and Inventory controls Financial Reporting
5. Mission Competence Sectoral Expertise Constituency Ownership Impact assessment	**6. External Relations** Constituency relations Inter-NGO collaboration Government collaboration Donor relations Public Relations Local Resources The Media
7. Sustainability Project/Program Benefit Sustainability Organizational sustainability Financial Sustainability Resource base Sustainability Involvement in NGO fora	

Introduction to and use of the questionnaire:

The facilitator passes out the List of Indicators (see Annexes 6/4, 6/5, 6/6 which follow) and asks people to write their role in the organization (Board, staff, volunteer, target group / beneficiary) on the paper - not their name. The facilitator explains that he/she will read out a statement that is concerned with each component (or sub-component) of the questionnaire.

Before doing this, however, it is useful if the Facilitator can encourage discussion around the particular capacity area (sub-component) before he requests scoring, to make sure that the participants understand the statements. He/she can ask what happens in the organisation when someone is selected for training, for instance - before discussing Human Resource Development. He/she can ask about the last Board Meeting before discussing Governance. Such questions and discussions (called "critical incidents") will ground people to the reality of their organisation and lessen any tendency towards wishful thinking.

Once the "critical incident" discussion is over, he/she will read out the statement and ask the following questions:

a. Is the statement clear and understandable? (If not, this needs to be clarified - and maybe re-stated. Try putting it into the vernacular as a way of getting clarity)

b. Is the statement relevant to this organization? (If some participants think it is not, probe with others to make sure that this is a genuinely irrelevant question, and not just a difficult question which one section of the participants would like to have removed.) If the question is agreed to be irrelevant, then ask everyone to strike it through on their paper.

c. Please circle the number which best reflects your feeling about this statement in relation to the organization? The answers should be from 1 (needs urgent attention and improvement) to 5 (No need for immediate improvement) as follows:

Score	Interpretation
1	This issue in the NGO needs urgent attention and improvement
2	This issue needs attention and could be improved
3	This issue needs to be further examined
4	This issue is basically well-handled
5	On this issue there is no need for immediate improvement

At the end of each section or component the facilitator asks whether this has covered the topic, or whether there are other topics that the participants think require an indicator statement and a score. Make sure that this does not overlap later statements.

At the end of the whole exercise the facilitator asks the same question - Has this exercise covered all the elements of a healthy NGO? If someone suggests a new indicator, the facilitator asks for discussion, and, if there is general agreement, formulates a new statement, asks everyone to write it in the appropriate section, and score it. An example might be on the topic of a pro-women policy, for instance. Such an indicator does not appear in the following OCAT;s but in a country where women are oppressed, might be considered an important extra indicator for a healthy NGO.

Possible responses:

a. In many cases it is possible (or even likely) that participants will be surprised at what is suggested for the ideal NGO (for instance – 'Any changes in administrative procedures are discussed with the NGO's staff"- see 2.3.2. in the questionnaire). The subject then needs to be debated - what happens when this is not the case, what happens when this is the case? The debate should continue, until there is agreement that such a feature is indeed a part of a model NGO, or not (it can be taken to a vote if there is no consensus). If it is agreed it can be scored: if not it must be struck out.

b. In some cases participants will agree that something is important for a large NGO, but not for them. They should still be asked to score it, emphasizing that this is not a test, but building a consensus. Their NGO may well grow bigger in time.

Collecting and Displaying Totals:

After the participants have gone through the whole questionnaire, (with whatever extra questions or deletions are agreed) the participants are asked to total their scores for each sub-section, and divide by the number of questions in each sub-section. Scores will thus be somewhere along a spectrum from 0 to 5 for each sub-section (round up to one decimal place).
The facilitator will then gather the scores from the participants - either openly or in confidence, and total an average score for that sub-sector which he/she displays to the participants.

The Facilitator then explains the ideas of stages of an NGO's capacity. These stages (Nascent, Emerging, Expanding, Mature) illustrate growth in organizational competence, and can give participants an idea of where their NGO is situated.

Nascent:	The NGO is at the earliest stages of development. All the components measured are in rudimentary form or non-existent.
Emerging:	The NGO is developing some capacity. Structures for governance, management practices, human resources, financial resources, and service delivery are in place and functioning
Expanding:	The NGO has a track record of achievement: its work is recognized by its constituency, the government, the private business sector, and other NGOs active in the same sector.
Mature:	The NGO is fully functioning and sustainable, with a diversified resource base and partnership relationships with national and international networks.

The facilitator then asks the participants to total their scores for each section (7 in all) and get an average for each section. In the same way, each participant's scores will be gathered and the facilitator can display the average score that the participants have given for each section. It works best if these scores can be displayed visually - as a bar graph, for instance – both for the main components, and for the sub-components. It is important to re-iterate that these are their scores, no-one else is making up these scores about them.

Example of main Component

Component	**1**				**2**				**3**				**4**				**5**			
Governance																				
Management practices																				
Human Resources																				
Financial Resources																				
Mission Competence																				
External Relations																				
Sustainability																				

Example of Sub-component

Mission Competence	**1**				**2**				**3**				**4**				**5**			
Sectoral Expertise																				
Constituency ownership																				
Impact Assessment																				

The Facilitator may also find it useful to disaggregate the scores by each of the four groups of participants (Board, staff, volunteers, clients/beneficiaries) and display these totals to the whole group and ask for comments.

It is useful if the scoring is done in one day, and the discussion of the results on the next day. This gives the facilitator the evening to do the calculations and develop the bar charts.

Debating the Results and the Significance of the Results:

At this point begins the most useful part of the workshop. Participants reflect on which sections (or sub-sections) have the lowest scores (i.e. signifying that they are the issues on which the greatest amount of improvement is needed by the organization). They also debate any differences in the results between the different groups of participants. They deliberate why and how this is so, and they think what can be done to try and improve the organization's competence in that area.

The facilitator should pay attention to any places where the scoring is wildly different between individuals or between groups. It may display different perceptions, but it is more likely to display misunderstanding of the statement.

Cross-Checking and Ground Truthing:

Certain information referred to in the statements in the questionnaire e.g. those referring to financial accounts, reports, legal registration etc, are not subjective - but are demonstrable facts. The facilitator should consider the value of checking on these physically (e.g. looking for the audit documents) as a follow up to the questionnaire exercise, particularly where the organisation has scored itself high, but where the faciolitator knows there are problems.

Looking for Changes over Time:

If the questionnaire results in recommendations for capacity building interventions that will help improve the weak areas of the NGO, then it is important to see if these interventions have had any impact. The same exercise can be undertaken in 2 or 3 years time, for instance, and the scoring compared over the two periods to see whether the participants think that things have improved.

General Purpose Organisational Capacity Assessment Tool (OCAT)

See previously for instructions on how to carry out an OCAT exercise

1. Governance

1.1. Executive Committee/Board/Trustees

1.1.1.	An independent governing body (Executive Committee/Board/Trustees) provides oversight to the NGO	1 2 3 4 5
1.1.2.	The Executive Committee/Board/Trustees) makes policy for the NGO	1 2 3 4 5
1.1.3.	The Executive Committee/Board/Trustees represent the interests of the constituency	1 2 3 4 5
1.1.4.	The Board helps the NGO with fund-raising, public relations, lobbying	1 2 3 4 5
1.1.5.	The Board makes sure that the NGO's activities reflect Board policy.	1 2 3 4 5

1.2. Vision/Mission

1.2.1.	There is a clear and understandable vision and mission for the NGO	1 2 3 4 5
1.2.2.	The Vision and Mission are clearly understood by the staff, the Board/Executive Committee/Trustees, the constituents, the volunteers, and sympathetic outsiders	1 2 3 4 5
1.2.3.	The activities of the NGO reflect and focus the vision and mission of the NGO	1 2 3 4 5

1.3. Constituency

1.3.1.	The NGO has a recognized constituency	1 2 3 4 5
1.3.2.	The NGO has regular and participatory links to its constituency	1 2 3 4 5
1.3.3.	The NGO helps the constituency to manage their on affairs	1 2 3 4 5
1.3.4.	The NGO recognizes its constituency as partners in its work	1 2 3 4 5
1.3.5.	The NGO combines advocacy for its constituents along with its service delivery work.	1 2 3 4 5

1.4. Leadership

1.4.1.	The NGO is clear about the functions of the Director and the functions of the Executive Committee/Board/Trustees.	1 2 3 4 5
1.4.2.	Decisions are clearly communicated to those they affect	1 2 3 4 5
1.4.3.	Leaders take decisions after consultation with those who will be affected	1 2 3 4 5
1.4.4.	Leaders help staff understand their contribution to the NGOs mission/purpose.	1 2 3 4 5

1.5. Legal Status

1.5.1.	The NGO is legally established.	1 2 3 4 5
1.5.2.	The NGO complies with all the legal requirements of its legal identity and registration	1 2 3 4 5
1.5.3.	The NGO is aware of any concessions and allowances that it has a right to (tax etc.)	1 2 3 4 5

1. Management Practices

2.1. Organizational Structure

2.1.1.	The NGO has a clear and communicated organizational structure	1 2 3 4 5
2.1.2.	The staff of the NGO have clear job descriptions	1 2 3 4 5
2.1.3.	The Job Descriptions are used in staff appraisal	1 2 3 4 5

2.2. Information Systems

2.2.1.	The NGO collects base line information about its constituency before starting work	1 2 3 4 5
2.2.2.	The NGO has a regular system for collecting information on their program activities	1 2 3 4 5
2.2.3.	The NGO regularly collects information on the impact of its work following the base line information.	1 2 3 4 5

2.2.4. The information collected guides the program review and the development of new programs. 1 2 3 4 5
2.2.5. The information collected is used in advocacy on behalf of the constituency. 1 2 3 4 5

2.3. Administrative Procedures

2.3.1. The NGO's administrative procedures are clearly stated, and are communicated to all staff. 1 2 3 4 5
2.3.2. Any changes in administrative procedures are discussed with the NGO's staff. 1 2 3 4 5

2.4. Personnel

2.4.1. The NGO has written terms and conditions of service for its board, staff, and volunteers, and keeps to them 1 2 3 4 5
2.4.2. Hiring and firing of staff should be implemented by the Director following consultation 1 2 3 4 5

2.5. Planning

2.5.1. The NGO's plans are consistent with its mission and strategy 1 2 3 4 5
2.5.2. Planning has a great deal of input from the staff and constituency, particularly those who will be implementing the plans. 1 2 3 4 5
2.5.3. Planning is carried out based on available resources 1 2 3 4 5
2.5.4. The NGO's plans are reviewed regularly. 1 2 3 4 5

2.6. Program Development

2.6.1. the NGO designs and implements a program based on its own assessment of the need, and of its own competence. 1 2 3 4 5
2.6.2. The development of a program includes a regular review of the program 1 2 3 4 5
2.6.3. The NGO involves its constituency in program design and implementation 1 2 3 4 5
2.6.4. The NGO identifies indicators of program success 1 2 3 4 5

2.7. Program Reporting

2.7.1. The NGO reports on its work (in a variety of styles) to its donors, to its constituency, to NGO's involved in the same kind of work, to the local council, involved government ministries/departments, to MPS. 1 2 3 4 5
2.7.2. When the NGO has a particularly interesting experience, it communicates this to other involved people and organizations. 1 2 3 4 5

3. Human Resources

3.1. Human Resource Development

3.1.1. NGOs have regular staff appraisals 1 2 3 4 5
3.1.2. Training opportunities are linked to the requirements of staff and their ability to improve the NGO's performance 1 2 3 4 5
3.1.3. Staff capacity assessments are carried out regularly and guide management in the ways they organize development activities 1 2 3 4 5

3.2. Staff Roles

3.2.1. Staff have clear job descriptions and responsibilities and these are observed by management 1 2 3 4 5
3.2.2. The management analyses the work that needs to be done and allocates it according to the skills of the staff. 1 2 3 4 5
3.2.3. The NGO identifies ways of improving staff skills where gaps have been identified. 1 2 3 4 5

3.3 Work Organization

3.3.1. The NGO holds effective, efficient, and productive staff meetings 1 2 3 4 5
3.3.2. Staff do not simply wait for orders, but plan their own work, and consult with others about it. 1 2 3 4 5
3.3.3. The NGO holds regular inter-staff meetings 1 2 3 4 5

3.4. Diversity issues

3.4.1.	The NGO's board and staff has members from both sexes.	1 2 3 4 5
3.4.2.	The Board and Staff consult the NGO's constituency, but not all sectors of the constituency are represented in the staff and Board.	1 2 3 4 5

3.5. Supervisory Practices

3.5.1.	The NGO pays attention to cordial and productive relations amongst staff.	1 2 3 4 5
3.5.2.	Conflict is dealt with quickly, firmly and fairly	1 2 3 4 5
3.5.3.	Staff members feel free to discuss problems with their fellow workers openly.	1 2 3 4 5

3.6. Salaries and Benefits

3.6.1.	The NGO pays salaries and benefits at the rate prevailing in private industry, with increased and improved benefits for the lowest paid.	1 2 3 4 5
3.6.2.	The NGO's staff are aware that they are working for the disadvantaged, and do not look to the NGO as a source of wealth.	1 2 3 4 5
3.6.3.	The highest salary in the NGO is not more than 5 times the lowest salary in the NGO (although there is an allowance for responsibility	1 2 3 4 5

4. Financial Resources

4.1. Accounting

4.1.1.	The NGO keeps good, accurate, timely and informative accounts	1 2 3 4 5
4.1.2.	The Director and the senior staff are able to understand the NGO's accounts	1 2 3 4 5
4.1.3.	Separate projects have separate accounts	1 2 3 4 5
4.1.4.	Financial information is used in future planning.	1 2 3 4 5

4.2. Budgets

4.2.1.	The NGO prepares annual budgets and uses them as a management tool for monitoring expenditure against budget.	1 2 3 4 5
4.2.2.	The Budgets are planned/drafted by those responsible for spending them, but the final authority lies with the Director and the Board.	1 2 3 4 5

4.3. Financial and Inventory Controls

4.3.1.	The NGO keeps clear records for payables, receivables, stock, and inventory	1 2 3 4 5
4.3.2.	The NGO has an external audit (unless its annual expenditure is quite small)	1 2 3 4 5

4.4. Financial Reporting

4.4.1.	The NGO produces accurate financial accounts annually, not later than three months after the end of the financial year.	1 2 3 4 5
4.4.2.	The NGO uses the financial report for future planning	1 2 3 4 5
4.4.3.	The NGO copies its financial report to the Board, the Donor(s), the registering Authority, and makes it available to the public.	1 2 3 4 5

5. Mission Competence

5.1 Sectoral Expertise

5.1.1.	The NGO contains people with experience and expertise in the relevant field.	1 2 3 4 5
5.1.2.	The NGOs is able to adapt itself to the changing needs of its constituents	1 2 3 4 5
5.1.3.	The NGO is prepared to expand where this is indicated.	1 2 3 4 5

5.2. Constituency Ownership

5.2.1.	The NGO dialogues with the constituency, but also brings its own experience and expertise to bear.	1 2 3 4 5
5.2.2.	The NGO helps its constituency to become self-reliant, and do without the NGO	1 2 3 4 5

5.3. Impact Assessment

5.3.1.	The NGO has a system in place to monitor and evaluate its program/project	

	achievement.	1 2 3 4 5
5.3.2.	The NGO knows how to get baseline data, develop indicators, monitor progress against indicators, and evaluate programs.	1 2 3 4 5

6. External Relations

6.1. Constituency Relations

6.1.1.	The NGO is accessible to its constituency	1 2 3 4 5
6.1.2.	The NGO listens to its constituency and does not operate in a top-down manner.	1 2 3 4 5

6.2. Inter-NGO Collaboration

6.2.1.	The NGO belongs to inter-NGO organizations/networks in its own sector.	1 2 3 4 5
6.2.2.	The NGO is ready to consider belonging to coalitions of NGOs in their own area, in the country as a whole, or for a limited objective.	1 2 3 4 5
6.2.3.	The NGO is respected by its peer organizations	1 2 3 4 5

6.3. Government Collaboration

6.3.1.	The NGO is seen as a full and credible partner by the Government	1 2 3 4 5
6.3.2.	The NGO collaborates with the government in the same sector and in the same geographical area	1 2 3 4 5
6.3.3.	The NGO puts forward advocacy suggestions to the Government	1 2 3 4 5

6.4. Donor Relations

6.4.1.	The NGO has a relationship of mutual respect with the donor	1 2 3 4 5

6.5. Public Relations

6.5.1.	The NGO has, and makes available a public information document on itself.	1 2 3 4 5
6.5.2.	The NGO is well-known for its activities in its own area.	1 2 3 4 5

6.6. Local Resources

6.6.1.	The NGO has good relations with the private business sector	1 2 3 4 5
6.6.2.	The NGO accesses local resources	1 2 3 4 5

6.7. The Media

6.7.1.	The NGO is known to the media and is respected by them	1 2 3 4 5
6.7.2.	The NGO introduces itself to the media	1 2 3 4 5

7. Sustainability

7.1. Project/Benefit Sustainability

7.1.1.	The NGO systematically checks with the constituents that they have received benefits from the NGO	1 2 3 4 5
7.1.2.	The constituency acknowledges that they have benefitted from the NGOs program	1 2 3 4 5
7.1.3.	The NGO works with local organizations and institutions	1 2 3 4 5
7.1.4.	The NGO has plans for its own continuity.	1 2 3 4 5

7.2 Organizational Sustainability

7.2.1.	The NGO builds partnerships with other organizations	1 2 3 4 5
7.2.2.	The NGO understands what its role and the role of others is in development	1 2 3 4 5
7.2.3.	The NGO is involved in coalitions, networks, and umbrella organizations.	1 2 3 4 5
7.2.4.	The NGO has links to specialized institutions that may be useful to it.	1 2 3 4 5

7.3. Financial Sustainability

7.3.1.	The NGO is able to explain its need for funds to potential donors	1 2 3 4 5
7.3.2.	The NGO realizes the need for a variety of both foreign and local funding sources	1 2 3 4 5

7.3.3.	The NGO has a varied resource base.	1 2 3 4 5

7.4. Resource Base Sustainability

7.4.1.	The NGO realizes the importance of financial sustainability	1 2 3 4 5
7.4.2.	The NGO has some savings and reserves to cushion it at a time of funding shortfall	1 2 3 4 5
7.4.3.	The NGO has a variety of funding sources.	1 2 3 4 5