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# Participatory Self Assessment of NGO Capacity

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**PRACTICAL GUIDELINES FOR PARTICIPATORY SELF ASSESSMENT  
OF THE ORGANISATIONAL CAPACITY OF DEVELOPMENT NGOs**

**1. INTRODUCTION**

The past ten years or so has seen a rapid increase in the number and size of non-profit organisations involved in development work, commonly known as NGOs (Non-governmental Organisations). This growth has not always been accompanied by an improvement in their performance. In fact, there are signs that a rapid expansion of the NGO sector may be lowering its quality overall, partly because organisations are started by people with limited or no experience of the voluntary sector or its principles. For example, in the newly independent states of eastern Europe and Central Asia, as well as other countries previously dominated by regimes which limited space for voluntary action, NGOs are particularly weak. At the same time, there has also been a shift in emphasis in the donor community towards the "performance culture" which dominated organisational thinking in the '80's with the stress on effectiveness, cost-efficiency, impact and accountability<sup>1</sup>.

With the increasing realisation that poor performance may be linked to internal organisational problems, attention is being focused on assessing the organisational capacity of the NGO to do development work effectively.

Capacity assessment is presently being approached from two perspectives. First, Northern NGOs and donors are concerned about appraising the capacity of their partners and those they fund. Therefore, these agencies are developing tools which enable staff to carry-out external appraisals in relation to their funding decisions and advice. Second, are a variety of methods being developed to help NGOs carry-out their own, internal, assessments. This is based on the principle that ongoing self-assessment and learning is integral to being a healthy organisation and that the values of participation espoused by many NGOs need to be reflected in the way this self-assessment is carried out. This paper deals only with this second area of self-assessment.

Increasing organisational capacity requires a detailed understanding of what exactly are the strengths which can be built on and the limitations which need to be addressed. In other words, *good strategies for capacity building require good diagnosis*. Put another way, "lack of diagnosis is malpractice whether in medicine or management". This working paper is about carrying out organisational self-diagnosis, and doing so in such a way that itself builds capacity.

This Occasional Paper draws on a variety of tools and methods being applied to organisational self-assessment. And, while these guidelines have been developed from experience of working with NGOs, this is a very dynamic area of work and what is explained here can best be seen as work in process; it is certainly not the final word or state of the art. In the months to come, INTRAC will produce a further publication setting out its own approach to NGO participatory diagnosis and self-assessment.

The process of capacity self-assessment of mutual support organisations, usually formed by community members and loosely termed community-based organisations (CBOs) is similar to but distinctive from that of NGOs. CBO self-assessment is not included in this paper. This will appear in a future INTRAC paper in conjunction with other NGO Support Organisations working with CBOs in the South.

While this publication is intended to be a practical guide for use by NGOs themselves, it is assumed that the process is facilitated by a skilled adviser or consultant. Too often, NGOs try to assess their organisation by a process of self-reflection alone and it just doesn't work well. Inevitable blind spots are not seen and hence remain; hierarchy stands in the way of attaining the critical view needed; staff

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<sup>1</sup> Hailey, J., 1995 International Organisation Assessment: Lessons from Development Agencies and International NGOs, Paper presented to the British Academy of Management Annual Conference, Sept. 1995

may feel reluctant to express their views, as there is insufficient trust and openness in the organisation and their jobs may be on the line; lack of comparative inputs give too much room for complacency or insufficient awareness about how things could be done differently and better; while personal limitations of those involved blinker what can be recognised as a strength or weakness and hence the quality of the diagnosis.

Of course consultants need to be well managed to get the best out of them,<sup>2</sup> and they need to have an understanding of the NGO sector and the particular challenges that NGOs face. Increasingly NGO Support Organisations are beginning to provide this external and objective support to the NGO sector. There is little doubt that selective process-oriented inputs by external specialists in the field of NGOs and development are vital for both diagnosis and subsequent organisational development aimed at building capacity. At the same time, it is worth noting that if self-assessment becomes an ongoing part of the life of the organisation, then the need for external facilitation should diminish, as the organisation itself creates its own conditions for change.

There is no one, "best" way of tackling capacity assessment or a blue-print approach. Indeed, there should not be, as so much depends on the complexity and context of the NGO concerned. The degree of complexity results from combinations of an NGO's, history, age, size, variety of (relief) and development activity, geographic spread, sources of funding, the context(s) of action and so on. It does not refer to just structural complexity. This working paper (and others to follow), therefore, does not detail the right way to do OA, other than insisting that it should be participatory and inclusive. The approach used outlines preconditions and a basic framework followed by three different ways of going about OA related to the level of complexity. The intention is for the reader to select and experiment with what appears to most appropriate for their circumstances and context.

The key is to understand and internalise the core principles of the OA process and to select the appropriate mix of methods and tools that can guide the organisation through such a process, tailoring them to the specific situation. Some of these methods and tools are detailed in the text and appendices. This in itself requires insight, skill and some specialist knowledge which is where early dialogue with a consultant, an NGO Support Organisation and other NGOs can help.

These guidelines therefore begin with the key principles that have to be applied and pre-conditions which have to be in place if a self-assessment exercise is going to be effective. Then, the whole idea of organisational capacity is discussed. This base is used to explain how a participatory process of facilitated capacity assessment can be carried out for NGOs with low, medium and high complexity. Appendices contain practical materials referred to in the text.

## 2. SELF ASSESSMENT OF ORGANISATIONAL CAPACITY: CONTENT AND PROCESS

It is important that appraisal of organisational capacity (OA) is placed within a framework of organisational development (OD). In other words, *organisational capacity assessment should be seen as a means to an end, not as an end in itself*. This rule means that a number of preconditions need to be satisfied to ensure that OA is not a waste of resources or creates false expectations which will not be fulfilled because commitment to change is lacking.

With this starting point, the principles, preconditions, basic steps and supporting tools of participatory OA are described, together with a critical look at weaknesses of each approach and suggestions on how they can be minimised.

### 2.1 Principles and pre-conditions

An important principle informing OA is that NGOs function predominantly as open organisational systems. That is to say, they both influence and are influenced by the external environment. Little of what they do can be insulated from outside dynamics. The reasons for this are: (a) that the very purpose

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<sup>2</sup> A good book with tips on how managers can best use consultants is: Kubr, M., 1993, *How to select and Use Consultants: A Client's Guide*, ILO, Geneva.

of NGOs is to bring about change outside of itself at all levels of society; (b) that the “production” of development is not done by NGOs but by the people they are set up to serve, the poor, the marginalized, etc.; and (c) that the vast majority of development NGOs are heavily dependent on resources provided by others, very little is usually generated by themselves. Organisational capacity is therefore tied to how NGOs manage their inter-actions with the wider world.

A second principle is that a participatory OA process should itself build capacity. Two factors determine the extent to which this occurs. First, is the methodology which has to involve staff in the right way. Second, is the stance adopted by the consultant. Unlike the “expert” approach where outsiders take over the problem, or the “doctor-patient” approach where the patient has the problem but the doctor knows the cure, the consultancy challenge is to ensure that staff themselves accept responsibility and own the process, that they recognise that there is no magic bullet of an answer and that they go through experiences necessary to develop the capability to critically appraise and better understand the behaviour of their organisation. Consequently, the preferred stance should be facilitative, engaging staff and starting from their realities.<sup>3</sup> Commonly known as process consultation, the facilitators role is essentially one of providing a critical mirror to the organisation and guiding its learning.

Further, two key preconditions determine whether organisational assessment is a meaningful step on organisational development or simply a cosmetic exercise to satisfy outsiders, like donors, or pacify insiders. First, there must be full support from the NGO’s governors and chief executive, **including his or her wholehearted, active engagement**. NGO leadership must not be allowed to remain in a position where its own functioning is not up for discussion and appraisal. Their willingness to engage in the process of learning sets an important tone for others. Similarly, the Board or other oversight bodies must endorse what is intended and, depending on the breadth and depth of the assessment, be prepared to take part, for they also contribute to capacity.

Second, all relevant senior managers and critically placed staff with influence should participate in the process with their time allocations planned and other costs budgeted. Likewise, other key stakeholders, such as, representatives of community groups that the NGO works with, other members of staff, including support staff, donors and so on should have some input into the process. This is a practical signal of;

- i) the organisation’s recognition of the seriousness and value of what is intended
- ii) the organisation’s commitment to apply values associated with participation (which many NGOs proclaim for their programmes) into the way they carry out their own internal processes.
- iii) the organisation’s recognition of the key role of outside stakeholders

If these items are not in place, the outcomes of an OA exercise are unlikely to be translated into better organisational performance because (a) there is insufficiently broad ownership of the findings, (b) contentious issues will probably have been avoided, but will inevitably emerge when change is attempted which necessarily disturbs the status quo and (c) there will be lack of shared insight and commitment to follow through.

In the long-term, organisational assessment should not be seen as a one-off exercise but as an on-going process in the life of a healthy NGO with structured periods of review and reflection. It is then more likely that the organisation will learn more effectively and be able to monitor and manage change and development over time.

## 2.2 ***The content of organisational capacity***

### 2.2.1 **What is organisational capacity?**

At its most general, capacity is the capability of an organisation to achieve effectively what it sets out to do. In this sense, capacity is the measure of the internal state of an organisation that expresses itself through its results (although in some circumstances where regimes are particularly repressive results could mean just existing). Organisational capacity is not a thing which can be internally observed, but must be assessed by looking at external effects. For example the internal capacity of a water bottle

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<sup>3</sup> For a description of types of consultancy and the facilitative model see: Schein, E, 1987, *Process Consultation Vol I: Theory and Practice*, Addison Wesley, Wokingham.

may by 1 litre, but that does not tell you if the bottle is empty or full until you try to quench your thirst with its contents.

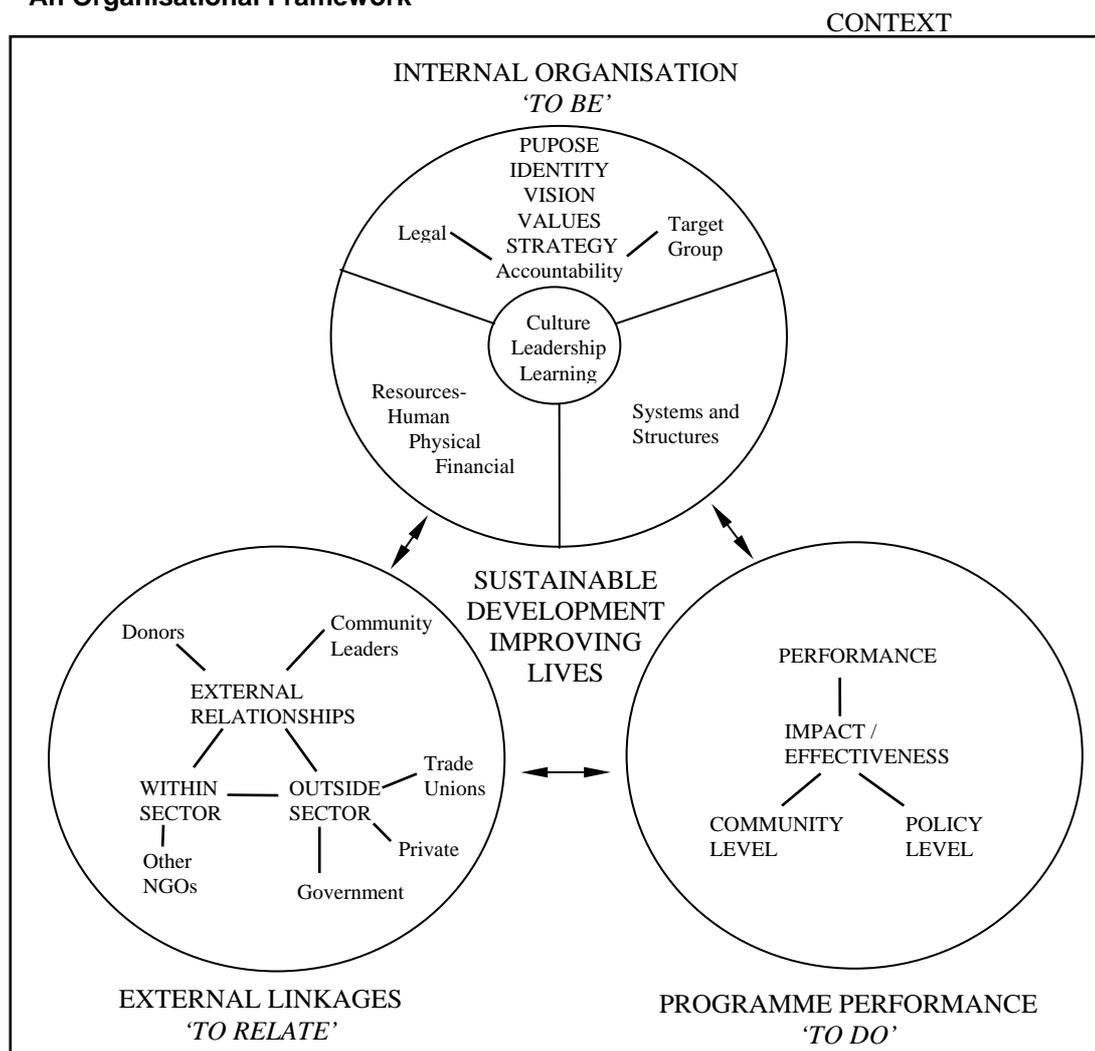
The problem for NGOs is that they usually face many thirsty parties: clients, beneficiaries, donors, governments, staff themselves and so on. Each has expectations about what the organisation should do for them. In today's terminology, there are many organisational stakeholders with different interests and perspectives which NGOs have to comply with. To complicate things, there may be some stakeholders which an NGO wishes to "dissatisfy" or influence. This is usually the case for advocacy and rights NGOs (or departments) which seek to change public policies and existing power relationships in favour of the disadvantaged. This combination leads to the following working definition:

*Capacity is the measure of an NGO's capability to satisfy or influence its stakeholders.*

Who stakeholders are differs from NGO to NGO and methods for undertaking stakeholder analysis are not dealt with here. However, before embarking on a capacity assessment exercise it is important that the NGO is clear about who are its *most important stakeholders*, what are their expectations and what measures of satisfaction they value and employ. *It is their values and expectations which provide the most important standard to measure capacity. In all work on capacity building, stakeholder analysis and prioritisation is vital. An informed stakeholder analysis gives a key into who should be involved in the OA process and who should be given priority.*

*Put simply, the question which must be clearly answered is who is the organisation for? While staff, the board and donors may be stakeholders, the organisation was not set up for them!*

### 2.2.2 An Organisational Framework



Moving from a definition of organisational capacity to its assessment requires some way of looking at NGOs. There are probably as many models or metaphors for doing so as there are writers on the subject. The two models shown here have proved to be particularly useful in working with NGOs.

The model in fig. 1 breaks down the organisation into three key areas; Being, Doing and Relating. "Being" relates to internal organisational factors. "Doing" relates to performance, in terms of impact at micro and macro levels. "Relating" concentrates on the nature of the relationships with external actors. The whole organisation is placed within its wider context. Each area is interlinked, as indicated by the two-way arrows. It would be more realistic to have the circles overlapping or inter-locking and this is a limitation of this model, but it does allow for ease of understanding in relation to the component parts. It also emphasises the importance of seeing an organisation in terms of what it does and who it relates to, not just in terms of its internal life.

The pyramid model in fig. 2 is a slightly different way of looking at NGOs. Although still keeping the key areas of the first model, the downward progression from the top gives a weighting to the different components, unlike the first one.

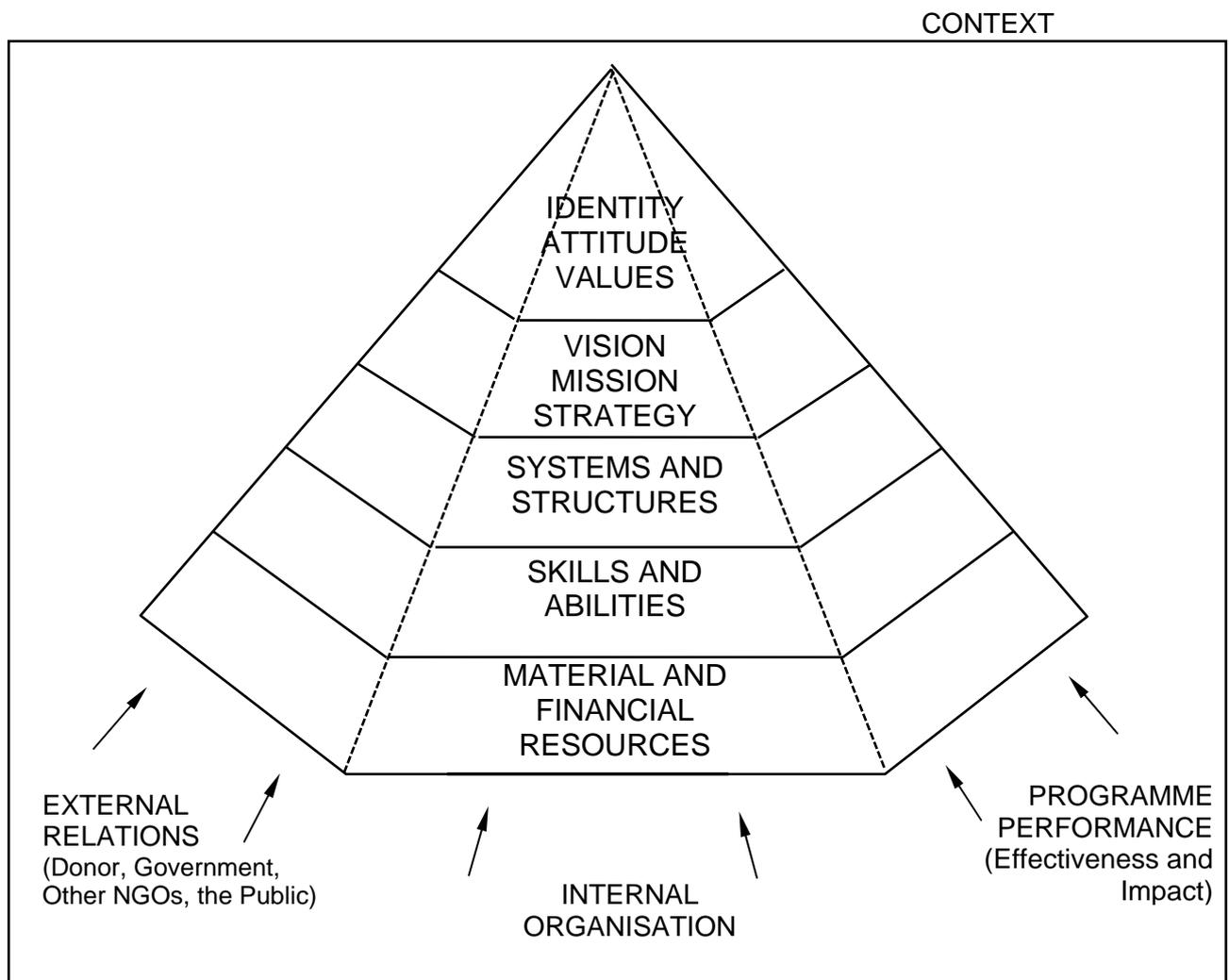


Fig. 2

According to this model, first principles for a healthy NGO would be to clear about its identity and attitude to the world, which in turn shapes its vision of society and its purpose in it, which in turn shapes its strategies to be adopted and the tasks to be carried out, which in turn defines the structures and systems that need to be in place and the staff to be employed, the skills and abilities they need and the

hole is then supported by adequate resourcing. Put slightly differently, form follows function. Inevitably, these phases do overlap and are repeated at different stages of an organisation's development. However, research from a Southern OD consultancy NGO has shown that there is a sequence, an order; that there needs to be a consistency or "fit" between each phase.<sup>4</sup>

Inevitably, models are reductionist by nature. For example, neither of these models stress the importance of the organisation's stage of growth. The needs and priorities of an organisation in relation to these areas will change according to the different stages in its organisational life. For example, with respect to structure, at times an increasingly complex structure may be called for; at other times less so. While needs do change, some OD practitioners would argue that the central point is this:

*"intervention or work on any one of these elements will not prove effective unless sufficient work has been done on the preceding elements in the hierarchy...It does not help to train individuals when organisational vision is unclear, organisational culture is unhelpful and structure is confusing and obtuse.."*

CDRA Annual report 1994-5

Both these models are presently being worked on by INTRAC. INTRAC and others are also developing self-assessment questions and indicators that relate to these different areas.

*How you split up an organisation in terms of its capacity factors is less important than having good reasons for the choice you make and being consistent once you have made it.*

### 2.2.3 Factors determining organisational capacity

NGOs are situated as intermediaries in a chain which transfers resources. Therefore, it is important to distinguish between the key resource which makes up the NGO itself, that is its people, and the resources it must mobilise from outside to do its work. Taking the core elements of Figs 1 and 2 and making a distinction between two types of resources leads to four factors which can provide the starting point for an organisational assessment. The areas are: (1) organisational competencies, (2) non-human resources, (3) external relationships and (4) impact. Linking these to the definition of capacity gives:

Organisational Competencies	(Non-human) Resources	External Relationships	Learning from Results	NGO Capacity	Stakeholder Satisfaction or influencing
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Organisational capacity is the *outcome or product* of these principle factors (Appendix I a/b).

**Competencies** are determined by the quality of people (staff) and the way they are organised. Staff quality is determined by their knowledge, skills, motivation and attitudes. Organisational competence comes from how people are focused and enabled to work together. Important factors in making this happen are the identity, mission, vision, systems, structures, etc., (Appendix I c).

**Resources** relate to the quality, reliability and utilisation of non-human means such as finance and materials, which are mobilised and transferred (Appendix I d). The quality of non-human resources -- mainly money but it could also be relief food and other materials -- is determined by the mix of conditions and expectations attached to the funds NGOs employ. Low quality resources are those where the conditions attached to them stop the NGO from achieving best practice in its work.

**Relationships** are the key linkages NGOs must maintain in the wider context to achieve their mission, most importantly with Community-Based Organisations (CBOs) or refugees and with constituents, but also with others within the sector, as well as government bodies and financiers (Appendix I e).

**Learning** is determined by the way in which an NGO recognises and deals with its own operational experience and analysis of performance in relation to standards and norms which ensure

<sup>4</sup> For details of this research and further development of these ideas, see the 1994-5 Annual Report of the CDRA (Community Development Resource Association), PO Box 221, Woodstock, Cape Town 7915, South Africa

quality and continuous improvement (Appendix I f ). The ability to learn is strongly related to an organisation's culture and willingness to continually take a critical stance towards what it is doing.

*NGO capacity results from the way in which these factors are made to work together, managed and maintained in rapidly changing environments.*

Together these factors determine the NGO's *transparency* i.e., the effective and open allocation of resources; its *accountability*, i.e., the allocation of resources in relation to those whom provide or use them; and, *legitimacy*, i.e., the actual impact achieved in relation to those who justify the NGOs existence (Appendix I g).

Given the above, **capacity-building** becomes a purposeful activity which aims at improving any of the four factors contributing to organisational capacity, together with interplay between them.

- Note: Assessing progress in building capacity must be linked to (programme) performance, principally the impact on people's lives through interaction with CBOs, but also with influencing policy makers. It is important that approaches to capacity-building are not treated separately from the issue of operational performance -- usually but not only project evaluations -- as is usually the case.

While the composition of the capacity of any NGO can be brought back to these four major components, the way of doing an assessment needs to be tailored to an organisation's complexity and context. However, because development NGOs are intermediaries in the transfer of resources, before starting the analysis we need to look at the influence of donors.

### 3. THE DONOR STANCE AND ROLE

The influence of donors on a capacity assessment initiative can make the difference between a serious waste of resources and a serious, successful learning experience. The ideal situation is one where the NGO determines that it needs an in-depth look at itself. Unfortunately, few situations arise where an NGOs decision to undertake an OA has not been prompted or forced by a donor in one way or the other. Very few OAs stem from within an NGO on the basis of its own deliberations. There are common reasons for this.

First, because performance is so difficult to measure, NGOs do not really know what their impact is, so results become equal to the level of effort; if you are working flat out you must be at full capacity. Everyone is working so hard doing something, time is always too short and thinking is a luxury. This feeds into the second reason, a stance of constructive ignorance where refusing to define success avoids the possibility of failure. These attitudes reflect a culture of "good works are enough" rather than the necessary culture of self-critical reflection. A further reason for reticence to carry-out an assessment is that it is felt to be too threatening because it must openly deal with issues of power. Self-assessment becomes very personal and frightening for leaders who are insecure and other staff members may be reluctant to open up for fear of reprisal later. In addition, in some cultures openly criticising or "showing up" those in authority would be breaking a cultural norm, while in other cultures analysing and critiquing a problem is not an assumed way of working .

Further reasons for lack of OAs derive from the relationships between NGOs and their donors. Where accountability for projects and programmes forms the bottom-line of the relationship, NGOs try to retain some autonomy by fencing off donors, providing information to them only on "their" project. The core of the organisation is private terrain (just as it is for donors!). Being open to an outsider about internal weaknesses may well be resisted, and even more so if the outsider is perceived to be linked to funding decisions. Experience shows that it is very difficult to establish true partnerships around projects. An external call for capacity building can easily be interpreted as a vote of no confidence in the leadership, who should have seen the signs by his or her self. Hence, a donors' concern for improving organisational capacity is perceived as a new imposition, which includes demands from a head office or a field office.

Consequently, because capacity assessment has evaluative features, it has been lumped together with project evaluations as a Northern instrument for control rather than learning. An alternative

problem with initiating OA is where donor and partner are so intimately related that organisational boundaries are blurred to an extent that maintaining the status quo becomes a mutual self-interest where assessments may rock the boat.

Finally, despite common rhetoric about valuing capacity building, donors are generally not inclined to invest in the long-term and often problem-producing process of organisational assessment. The typical funding attitude and expectations reinforces a time-action orientation at the cost of critical reflection. Or, even if donors are really willing to assist self-assessment, they are uncertain of how it can best be done and are unsure if they are willing to commit themselves to the outcomes. Where multiple donors are concerned these problems expand, particularly when the approach of one donor may undermine the other.

It is too easy to say that the way out of some of these problems is for NGOs to develop better partnerships, given that this goal and its meagre results has been part of the NGO language for 15 years or more. One concrete step that can be taken, however, is not to do a capacity assessment without specifically including the interface with the donor agency. This dimension is needed because the ideas, priorities, protocols and procedures employed by donors always impact on the recipient's capacity, often negatively. This is even more the case with multiple donors. In other words, assessment should be negotiated and designed to include aspects of the donor(s) themselves. In this way OA becomes a mutual imposition which would be consistent with real partnership, acknowledging shared responsibility. Indeed, a healthy self-assessment may lead to donors having to re-examine their own practices and understanding of partnership as Southern NGOs become more proactive and prepared to challenge.

A second step, is for the donor to fund the partner to identify and employ the facilitator, rather than the donor to select or impose one. In other words, the donor stance should be to enable partner demand to express itself instead of simply funding a supply, such as a consultancy firm.<sup>5</sup> Donors dictating who facilitates is common because of the need to retain control, but it is a recipe for difficulty and a bad atmosphere, unless the individual concerned can truly adopt an independent stance towards and build mutual trust with the parties involved. Who pays, who hires and who fires will inevitably affect the power dynamic and who the primary client is. Negotiating the qualities of the person being sought is naturally a good thing to do;<sup>6</sup> after that it should be up to the partner to choose and use the person within the criteria agreed.<sup>7</sup> An alternative is for the NGO to short list its preferred consultants negotiating the final choice with the donor.

Finally, capacity assessment should not be used as a tool for decision-making about whether to follow on with capacity-building support or not. In other words, the donor position should be that capacity-building (CB) support is already agreed and OA is the way to begin. If the decision in principle about future CB assistance is made dependent on the outcome of an OA, it introduces all sorts of distortions, such as biased data collection, ultra-sensitivity to negative findings, staff insecurity and, generally a lack of the critical openness required for the effective enquiry and learning which builds capacity through the experience of doing this sort of exercise. In short, in an existing relationship, if the donor is not already committed to CB, it is wrong to support OA. Put another way, OA must be seen as the start of a process of longer-term organisational change which requires donors to be ready and willing to change themselves and to commit resources to the outcomes of the initial OA process.

#### 4. SELECTING THE OA METHODS AND BASIC PROCESS

There are no standard ways of doing OA. However, there are some typical steps to be taken and choices to be made in order to tailor the process and tools to the situation.

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<sup>5</sup> For more examples of appropriate policies for donor agencies wishing to support capacity building, see: Fowler, A., Campbell, P. and Pratt, B., 1992, Institutional Development and NGOs in Africa: Policy Perspectives for European Development Agencies, NGO Management Series, No. 1, International NGO Training and Research Centre and NOVIB, Oxford/The Hague, October.

<sup>6</sup> For a summary of desired qualities of facilitators see: Goold, L. and Temu, W., 1995, Competencies for Consultants involved in Organisational Development and change, INTRAC, Oxford/ CORAT Africa (draft)

<sup>7</sup> Two books on how managers can make effective use of consultants are , Schein, E., 1987, *Process Consultation: Lessons for Managers and Consultants*, Vols I and II, Addison-Wesley, Wokingham..

#### 4.1 **Choosing the OA method**

Once the necessary pre-conditions are satisfied, a number of choices have to be made about the way in which a self-assessment will be undertaken. The first basis for choice is to ensure that the method relates to the purpose. Where assessment is to convince donors of competence, demonstrating a track record may be sufficient with assessment concentrating on performance and impact. Where assessment is required to identify why performance is poor, a more comprehensive approach is probably called for.

The second step is to estimate the degree of organisational complexity involved. Choosing between or selecting the best mix of methods depends on the complexity of the NGO concerned. If the NGO is large in terms of staff numbers, if they are spread over a wide or diverse geographic areas, if it has sizeable budgets and many donors, if it carries out a wide range of activities and if it is operating on a scale that starts to concern the government it is likely to be very complex. If the NGO has few staff, tight objectives, works in a restricted area with a well defined population group and is funded from a limited number of sources it is likely to have low complexity. It is worth noting that the term "complexity" has its limitations, as even a small organisation has a level of inter-relationships and history that may appear very complex to those within it. However, although the distinctions between low, medium and high complexity may appear somewhat subjective, they at least give an idea of the need to choose appropriate methods as befits the specific situation. Three examples as a guide to OA are described in section 5 which correspond to increasing levels of complexity, but are by no means the only way of carrying out capacity self-assessments.

A third factor in decision-making on methods is relative cost. There must obviously be a sensible relationship between the NGO's budget and the funds required for OA. No fixed percentage can be given, but common sense often suggests what is or is not appropriate. Inevitably carrying out the OA in a participatory manner may appear costly and hard to justify, particularly if opportunity cost is included (Hailey 1995 *op cit*). However, given the advantages of ensuring participation in and ownership of the process, the costs may be minimal in the long-term.

A fourth consideration is the level of crisis in the NGO concerned. Indicators of crisis are: an effective (silent) revolt by intended beneficiaries; widespread internal dissatisfaction, for example with high staff turnover or letters to Board members and donors; serious shortcomings in performance and false reporting; resignations or conflicts within the governing body; withholding of funding; and public awareness that all is not well manifest by newspaper articles and similar expressions. Such circumstances usually justify a thorough process of OA, which may appear out of proportion to the level of operation. If the organisation is very "sick", then some drastic surgery may be the only realistic short-term option, alongside a commitment to undertake OA in order to build a solid foundation for the future.

An additional factor in choosing methods is judging how much an OA might "hurt" the NGO. How vulnerable is the organisation to a far-reaching self-analysis? At some stages in an organisation's life, heart searching enquiry can be handled without difficulty, at other times this is just not possible or the right thing to do and more superficial but nonetheless useful methods should be employed. Again, there are no hard and fast rules to be employed but dialogue, insight and common sense are called for.

#### 4.2 **The basic steps in OA**

The following provides a basic framework outlining the typical steps for doing an organisational self-assessment. The methods used at each stage will be dependent on the factors indicated above.

1. Pre-entry: winning support and commitment, raising awareness, clarifying role of those initiating and supporting the process, determining the important stakeholders, ensuring that they are involved, etc.
2. Negotiating methods to be employed, participation and control of the process.
3. Deciding what information is needed, how it is to be gathered and validated and then actually collecting it.
4. Analysing, sharing, interpreting and debating the information obtained. Understanding areas of strengths and weakness and reaching conclusions about root causes.
5. Identifying priority areas (and indicators) for organisational change.
6. Making a plan of action.

7. Implementing the plan.
8. Evaluating the process and outcomes

These steps are part of a cyclical process, with learning at its core. This cyclical process provides a basic framework for the following guidelines geared towards low, medium and high complexity NGOs.

## 5. PARTICIPATORY SELF ASSESSMENT FOR LOW COMPLEXITY NGOS

Preconditions need to be created for the exercise to be effective and this will usually involve a prior process of consultation with all the staff. Facilitation is required, probably more so than in the other cases described later, because the intense interactions and looser role divisions usually found within simpler NGOs tend to make things more intensely personalised. The trusted, "objectifying" presence of an independent party can make a lot of positive difference.

The stages of an approach with straight-forward NGOs begin by looking inward, going on to test staff ideas and perception in the outside world. The stages are internal reflection, external checking and final assessment.

### 5.1 Stage 1: Internal reflection

The process of internal reflection asks all staff to revisit and critically appraise some organisational fundamentals. These are addressed by answering the following key questions formulated by Peter Drucker:<sup>8</sup>

1. What is our organisation for? That is, what is our purpose or mission in society?
2. Who are we here to serve? That is, who should benefit from our work?
3. What do the people we serve value? That is, how will they judge what we do?
4. What are our results? That is, are we satisfying those we are here for?
5. What is our plan? That is, how are we proposing to go about our work?

These basic questions apply to NGOs of all sizes or complexities and lie behind the more complicated approaches detailed later. *Any staff member at any level of any NGO should be able to provide an answer to each of these questions; and the answers shouldn't be too different.*

#### Steps

1. After the facilitator's negotiation with the NGO, a small team is put together to compile a staff questionnaire. The task is to start with these five questions and from them formulate sub-questions which are more directly applicable to the organisation. A set of typical questions covering most aspects of an NGO are to be found in Appendix II. For example, a sub-question to "What is our organisation for", might be "does the organisation have a clearly defined purpose which everyone inside and outside understands"? (Use the other appendices to identify question topics).

Note: Where staff are less comfortable with a written approach, individual interviews or a focus group method can be adopted for both the internal processes and the stakeholder interviews.

2. The questionnaire is sent to all staff, volunteers, board and with the request that they answer the questions on their own, giving an honest a frank opinion. For each answer they are asked to indicate *on what basis or how do they know the answer*. Concrete examples are the best way to do this.
3. One copy of responses are returned to the facilitator, another remains with the individual. The facilitator makes a first simple analysis which looks at consistency and differences.
4. All staff come together for a one to three day workshop where they share and critically discuss the answers they have given. Depending on the degree of openness and trust within the group,

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<sup>8</sup> Rossum, C., 1993, *How to Assess Your Organisation with Peter Drucker's Five Most Important Questions: User Guide*, Drucker Foundation/Jossey-Bass, San Francisco.

the facilitator's analysis can be used as "triggers" for discussion. The output of this exercise is a self-appraisal of the organisation's existing capacity. This now needs to be checked with others, which is stage 2.

## 5.2 **Stage 2: External checking**

The objective of external checking is to verify or modify what board and staff think about the capacity of their organisation. In order of priority, information needs to be gathered from (1) those the organisation is supposed to serve or influence, (2) those providing funding, (3) other interested parties, such as the government. There are a variety of ways of doing this. One is to select a number of key informants and interview them, preferably accompanied by the facilitator to monitor the transactions for openness, honesty, echoes or reflection of the organisation itself, and so on.

Another method is to bring the various interested parties together for a day to listen to and comment on the organisation's self-appraisal. In this way, different perspectives and expectations about the organisation are heard with the possibility of reaching a consensus, or an agreement to differ, on the assessment.

An alternative is to invite a third party to interview outsiders, using the NGOs' own findings as the information to be validated. He or she then provides feedback which confirms or disagrees with the self-appraisal. The feedback could be a simply summary of replies, or a more detailed analysis by type of respondent, etc.

## 5.3 **Stage 3: Final assessment and input to planning**

Staff now have two sets of information to compare and learn from: their self-appraisal and the views of other important parties. A concluding workshop with all staff is used to systematically go through the two sets of answers to the five question placing the conclusions within the four elements of the capacity framework described in section 3 above. The product is a final capacity assessment which provides pointers to where capacity needs to be built.

An organisational development plan is constructed on the basis of the finding of the assessment exercise. This could involve, re-dividing task divisions, altering the systems used as the basis of staff interaction, changing allocations of authority, re-negotiating with donors, training existing staff, looking for new staff, looking for different board members, introducing new ways of working, etc., etc. An OD plan is seldom training alone or bigger budgets as is commonly thought.

## 5.4 **Limitations**

The method described above has proven to suffer from two major limitations. First, is the willingness and ability of the NGO to look at itself in a critical, de-personalised way. There is a cultural dimension to whether or not people are able to publicly criticise the way an organisation, that is the efforts of a group of colleagues, works. The way people relate to authority and how authority is expressed also plays a role; as do gender relationships. In situations where critical expression is not valued, or there is fear of the repercussions of openness, an external "expert" approach may be called for. This takes away the participatory aspect, which introduces a new set of limitations.

As a rule of thumb, NGOs which cannot be open, self critical and trusting will behave in the same way towards the population they are meant to serve; which is not good development practice. Here, then, is a case for using a participatory method to counter and alter an existing undesirable behaviour. This should not be taken as a license for donors to impose a methodology, but for them to argue the developmental logic of a participatory approach to assessment. In addition, the point about relating to authority does not imply that authority is bad as such. It is the *quality of authority* that is important for organisational attitude and behaviour. In other words, is authority earned and derived from mutual respect or simply an expression of power by virtue of position.

The setting of a closed organisation is particularly challenging for the consultant(s) who act as facilitators, calling for their careful selection. One criteria being their understanding of how the organisational behaviour they are helping to change relates to the NGOs performance as a development

agent. In other words, they need to be conversant with the process and products of participatory development.

The second limitation has roots that extend further than capacity assessment. The limitation has to do with the way the NGO relates to those they serve. Simply put, will they provide honest answers to an NGO's questions. If the nature of the relationship makes this unlikely, the external check won't work very well. This is a major set-back, as what happens across this interface is crucial in determining an NGO's effectiveness. Asking staff to interview those they serve about their organisation's performance may be asking too much. Here, an independent person may be necessary, which is already an indication of a capacity limitation within the NGO.

There is no hard and fast rule for choosing between staff-based or independent validation. As a consultant and facilitator, I get a feel for where the NGO is at from all sorts of signs, such as expressions of authority, degree of openness, clarity of purpose, staff ability to explain the principles underlying the methods employed, track record, type of donor and so on, which suggest whether or not staff-based external validation is viable. Although more costly and time consuming, when in doubt, in the long run of subsequent OD its is better to use an independent validator.

## 6. PARTICIPATORY SELF ASSESSMENT: MEDIUM COMPLEXITY NGOS

The preconditions described at the beginning apply equally to complex NGOs. The basic OA strategy can differ from the very complex NGOs described below because in less complex organisations staff will probably know and interact with each other more frequently, the number of functional divisions are likely to be less as are the number of specialisations and the range of distinct development activities.

### 6.1 *The approach*

If establishing the pre-conditions has gone well, all staff should be aware of the OA exercise which goes in two stages. The first is a broad reconnaissance of the current state of the organisation, followed by selective, in-depth assessments of areas which are either seen to be clearly weak or are the subject of widely different opinions.

#### 6.1.1 **Stage 1: Reconnaissance**

The objective of the reconnaissance is to paint a broad picture of major features of the organisation. With facilitator, the following steps are taken:

1. Establish a team, composed of a cross-section of staff by expertise and level in the hierarchy.
2. In order to place things in perspective, the team should start by plotting a history of the organisation, noting critical moments, such as change of leadership, change of donor, changes in the country, etc. This is advisable, because the interpretation of what is found will need to be placed in the context of the organisation's own life span. It also brings everyone to more or less the same level of understanding which should help in the next stages.
3. With critical facilitation, the team decides on the significant areas which need to be assessed. Appendix III, developed by IDR/PRIP in Bangladesh provides an example of a framework outlining the sort of areas which can be defined and rated. For example: the governing set-up (board, members, management and their interactions), decision-making process, implementation of core tasks, performance monitoring, evaluation and learning, external relationships and so on. Bean ranking of the significant areas in groups to identify perceived strengths and weaknesses can be helpful here.
4. For each area key questions are defined, together with a definition of who are the appropriate people to provide the answers. Sample questions are in Appendix IV. **The intended beneficiaries of the NGOs work must always be a high priority.** A simple scaling of high, medium and low can be used, once there is a consensus in the team on what the ideal answer would be for each question. Written information, such as financial reports, evaluations, plans, etc. should be included as sources of evidence.

5. The team splits into groups of 2 or 3 to interview the various informants inside and outside the organisation. They do this independently of each other, **not comparing notes on the way. Be sure to always ask for concrete examples of what the respondents say. Blanket statements, like “the staff are always late”, or “we are never told anything” need to be challenged and backed up.**
6. At the end of the interviews, the team gets back together. Before doing so, each group constructs a simple matrix with, along the top, the types of respondent, e.g., community, financial staff, board members and on the left hand side the organisational areas and the questions in them. Each box contains the finding, e.g., a score or, or high/medium/low, or a statement like always/mostly/usually/sometimes/never.

Organisational area	Respondents			
	Community *	Board	Govt.	Finance
Governance				
Is the board knowledgeable and active?	don't know	usually		
Are appointments transparent?	don't know	never		
Decision-making				
Are reasons for management decisions usually understood?				
Decisions-making is timely?				

\* it is unlikely that the community or other actors will have the information on which to pass a judgement on all organisational areas. Appropriate methods must be used that encourage inclusion rather than alienation from the process, for example, being aware that not all members of a community group may be literate.

The teams task is to present and compare the various views and experiences with the objective of: identifying areas which (1) are agreed to be weak; (2) where there is disagreement, particularly between different types of respondent. For example, the community never understands how decisions are made, but the staff think decision-making is transparent.

The facilitators role is to ensure that this process of critical identification is indeed critical, and that problems are not simply taken to be a way of life, or shied away from.

The final matrix, with a short summary is shared with all staff, with a request for them to suggest the underlying causes for the weaknesses and differences. This can be done in a number of ways, such as visual generic codes (pictures or role-play depicting a common problem with structured questions posed by a facilitator in de-briefing the code afterwards ), problem trees (using cards on a wall to analyse the root cause) and so on. The intention is to build up their understanding of how the organisation is working and is perceived by others. The critical element is to foster a structured process of reflection among staff, not just extract their opinions. Again, facilitation can help, be it internal or external.

*By the end of this stage the broad capacity assessment has been made.*

### 6.1.2 Stage 2: In depth analysis

The objective of stage 2 is to reach an understanding of the causes of the weaknesses and differences using two sources and a follow-up process. The steps are:

1. The team compare the four categories and list of possible items to be found in the capacity framework used for the big NGOs with the inputs from staff. Care should be taken that insufficient resources is never taken to be a sufficient reason. Resources are never enough, the issue is, is the best being done with the little you have.

2. From step 1, for each area of weakness or difference, decide on the probable area of cause and formulate the appropriate questions to check if this is indeed the case. Also decide, what evidence other than interviews can be used to verify the truth of what the respondents say. What paperwork may help.
3. The team now do focused interviews using the questions from 2. This can be done again as split groups or together.

A useful way of dealing with contradictory or inconsistent responses is to organise a gathering where the different respondents sit together and hear their diverse opinions. This is an educational and awareness building exercise as much as a trying to find common ground or cause. Independent facilitation is vital so that none of the parties thinks that the event is being orchestrated to suit the NGOs own view of itself.

3. Outcomes of step three are the inputs to a final assessment of capacity with an analysis of cause which provide the foundations for deciding on the content of an OD plan. Again, as for big
4. NGOs, the final assessment needs to be described in a reader friendly way, not only for staff but also for respondents as a tool for strengthening relationships.

### 6.1.3 Limitations

The biggest potential drawback to this method is that the most important respondents, the people to be served, will not be honest because they may fear that negative comments will jeopardise the relationship. This is a sign of an unhealthy relationship to start with, but unfortunately, there are a lot of those around.

A second potential limitation is that the quality of the people who make up the team has a strong influence on the quality of the assessment itself. If they do not make the right decisions about the organisational areas and the questions a lot of effort may produce only mediocre results. This differs with the big NGOs where external validation offers some quality check. In this set up, the validation is provided by comparing the views of different respondents, which has its own possible drawbacks of people having hidden agendas, prejudices and so on. But these human things are part of the real world and influence how relationships work, so they need to be taken into account, not ignored.

The OA process is likely to give rise to inter-personal tensions. It is therefore vital that OA moves into a planned organisational development (OD) process to ensure that relational problems are addressed and channelled towards strengthening. There is a danger of organisational performance worsening if this next step is not taken.

## 7. PARTICIPATORY SELF-ASSESSMENT: VERY COMPLEX OR BIG NGOS

Complex or big NGOs typically have many departments or units and layers of authority, are often physically spread around a country, or the world so that all staff members may not know each other. This section details the steps involved in engaging leaders and staff in a process of capacity self-assessment which is accompanied by a validation of their work. Facilitation and validation are necessary to counter some of the weaknesses of this method detailed below. The steps are:

1. A workshop introducing organisational capacity, and the development of organisationally appropriate assessment instruments.
2. A field assessment exercise carried out by the participants, with
3. A parallel process of selective validation by external consultant(s).
4. Written and verbal report back by the staff.
5. An analysis to identify systemic weaknesses.
6. Comparison of the field findings with the organisation's goals, strategic plan, etc.
7. Identification of capacity gaps that need to be addressed.
8. Definition of the components and strategies for an organisational development plan.

Who participates? Selection of participants should fulfil a number of criteria. All the major areas of expertise in the organisation must be included, as should each layer of decision-making, including the

chief executive. The ideal person would have good communication skills, be known and respected for their ability to fairly appraise a situation and make a reasoned judgement, not have any particular axe to grind and have an analytic capacity. Preferably a process of participatory selection of those to take part can be adopted, but this may not always be the best option, for example if there are factions which will use the exercise as an opportunity to settle scores. Directed selection can be called for at times, but this has its drawbacks of legitimacy.

## 7.1 **The workshop**

The workshop has four primary objectives:

- a) to negotiate and establish a shared understanding of the concept of organisational capacity;
- b) to determine the major factors which contribute or give substance to capacity and the elements within them which must be assessed;
- c) to develop relevant instruments with which participants will carry out an assessment;
- d) to plan the assessment exercise and its validation.

The first two objectives can be realised using a question-answer seminar type format. In exploring these issues many features of development policy and practice may appear and a range of supportive materials is usually needed. This step can take one to three days depending on the size and quality of the group.

Reaching objective c) requires that participants split-up the organisation into recognisable “functional entities” for which guiding criteria are given (see Appendix I h). These are the basic assessable building blocks for which appropriate instruments are needed. Most frequently, functional entities equate with divisions, departments and units, but management teams, task groups, committees and so on, may also need to be included.

Participants are then divided into groups to work on the instrument needed for each functional entity according to the sequence set out in Appendix I i. The groups should be composed of staff knowledgeable about the entity concerned (the drawback to this is discussed below).

### 7.1.1 **Designing capacity assessment tools**

For each functional entity and its primary tasks, working groups run through the list of capacity elements to be found in Appendices I a-e. For each capacity element considered to be relevant, work group members are required to:

1. determine the key *objectives and tasks* associated with the function;
2. determine the *content* needed for the task in terms of relevant factors and elements within them, for example what specific knowledge and skill was needed, what resources had to be available, what relationships were needed, and so on;
3. to define the *standard and indicator* expected to be present for each content theme, and,
4. the *source of information* which would be used to find out if the standard is being met.

To help in this process, participants are encouraged to ask: who does this entity serve and with what outputs?

Results of this analysis are placed in an agreed common format shown below.

The score column allows for a summative impression of what is found against what would ideally be expected. It does not objectify the opinion, but does allow differences between observers to be more readily seen which helps during the later feedback and comparisons.

FUNCTIONAL ENTITY: e.g., Management team FUNCTIONAL TASKS/OUTPUTS: e.g., define policy positions			
Capacity element	Standard/indicator	Source	Score
<b>People</b>			
<i>Knowledge:</i>			
1) NGO policies	Able to explain key policies on development issues	Interviews, strategy paper	
2) Government policies	Explain government's policy priorities	Interviews	
<i>Skills:</i>			
1) Analysis and org. interpretation	Able to justify the NGO's priorities and stand on public issues	Interviews strategic plan	
2) Public presentation	Competent public explanation of the NGO's position Shows initiative	Observation  Identify useful spontaneous actions	
3) Attitude/motivation			
<b>Relationships</b>			
<i>With government</i>			
Involved in policy fora	Membership of relevant national bodies	Interviews, annual reports, newspaper articles	

### 7.1.2 Carrying out and validating assessments

The actual assessment is carried-out by participants, but *not in their own functional entities*. The assessor is allocated a functional entity in such a way that there is no reciprocal assessment.

A set of guidelines and protocols, for example a list of potential questions, can be prepared, setting out the practical preparatory steps to be taken. Throughout, stress must be placed on the fact that **internal and/or external users are the best sources of information on a functional unit's capacity**. Interviews must not be limited to staff.

Validation is meant to (a) gauge the level of objectivity and seriousness of the internal assessors, (b) bring specialist expertise into the assessment process, (c) assess the competencies of the assessors themselves, and (d) provide an alternative set of data for interpretation. A selection is made of the items to be validated for any one functional unit; validation does not replicate what is being done but forms a representative cross-check.

Participants are made aware that this will happen and that it forms part of the external consultants assessment of their capacity as managers. Any significant disparities between the individuals and the consultant's findings are to be followed-up.

### 7.1.3 Reaching an overall assessment: feedback and systemic cause/symptom analysis

At a workshop, participants provide written and verbal feedback on what they found for each functional entity. These presentations are set against the validation findings and disparities are discussed. Both during and at the end of this process, participants are asked to flag issues that appear to run across units, such as poor motivation, indecisiveness, weak planning and so on. The systemic, that

is organisation-wide, or common problem areas are listed.

The listing is then analysed by separating out causes of problems from their symptoms and it is the causes that form the primary focus for subsequent capacity-building initiatives.

The products of the feedback workshop should be:

1. a shared and mutually understood assessment of organisational capacity;
2. an identification of causes of weakness for the organisation as a whole and for each functional entity;
3. a prioritised and sequenced proposal for the organisational development activities that need to be undertaken.

From this point of closure, outputs of the organisational assessment will need to be translated into an organisational development plan.

- Note: All the information gathered and validated, together with the subsequent analysis and identification of common issues **effectively constitute an *organisational baseline* against which future change and OD can be assessed.**

### 7.1.4 Sharing and explaining

The conclusions reached about capacity belong to small group until they are shared and explained throughout the organisation. This must be a guided process, and the least effective way is to make many copies of a report and send them around. It is far better to prepare a simple summary of key issues found and use this to solicit suggestions for how they could be tackled through a series of workshop or seminar-type activities that reach all staff. The OD plan then becomes constructed, in part or not in whole, from the feedback received. Have no illusion that the findings of the OA will not be contested and disagreed with, they probably will. The task is to show how the whole interacts, so that an individual's perspective and disagreement can be placed in the context of intangible things like organisational culture, values and attitudes as well as the way tasks are performed.

## 7.2 Drawbacks and limitations

There are a number of methodological choices made which introduce both drawbacks and advantages in this approach to participatory assessment.

### *Levels of understanding*

None of the participants are necessarily specialists in the area they will be assessing. This means that a limit is set to the quality of their interpretation of what a reasonable level of capacity would be; high scores could still mean low capacity. This would not occur if external specialists in all relevant areas were hired.

Two factors compensate to some extent for this limitation. First, the user's perspective sets a standard of demand that should be met, forming a practical criteria for judgement. Second, validation brings to bear broad comparative experience which provides a bench mark for judging the quality of each appraisal.

### *Assessing what is or what should be?*

A difficulty encountered in the definition of capacities is the natural tendency for participants to define what should be in relation to any changes envisaged or already underway. That is, they define tasks and apply criteria knowing that these would be needed in the future rather than exist today. Attempts must be made to strictly limit the exercise to the organisation as it is. Again, the validators assessment will provide an objectifying point of reference. This problem is less likely to occur with NGOs which are not already in a phase of organisational transition, but are really using self-assessment as a diagnostic tool.

### *Trickle-out of information and coaching*

There might be a tendency for participants to inform their own functional entities of the measures to be employed prior to the exercise being carried out. On the one hand this makes things look better than they are. On the other hand, if this improves things in a sustainable way progress will have been made. The degree to which this may have happened can possibly be ascertained by users' observations and experiences.

### *Cost-benefit*

Unlike the expert approach, the costs of participatory OA are less easy to identify because opportunity costs of staff time are seldom easily calculated. Similarly, the benefits of staff capacity building through the process itself are not readily determined. Be that as it may, at the outset estimates of staff time and other internal organisation expenses should be made. In reality, it is seldom possible for managers to block out the time needed unless the organisation really decides that such an exercise is a priority. Implicitly, the less effort made to free-up management time the less is the capacity building benefit likely to be achieved. This is why it is so important to get the pre-conditions right.

### *Time*

This method requires planned allocations of staff time over an extended period, which could last a number of months. The work involved is such that it cannot be simply treated as an add on to staffs existing tasks, but must be scheduled into work programmes and budgeted for.

### *Personal biases*

Capacity assessments are by their nature evaluatory. And, participatory methods mean that colleagues will be placed in a position of judging each other. This can lead to all sorts of distortions where interpersonal relations are very bad or very good. In the first instance an overly critical stance may be adopted, while in the second instance insufficient objectivity may be applied. Validation can pick up some of these dynamics as can the feedback workshop. Neither, however, remove the problem and the dominant factor is whether or not a culture of openness prevails in the organisation, which in turn hinges on the style of leadership in place. Where this condition does not prevail the quality of assessment is likely to be reduced.

**8. AN ENDING**

As noted in the introduction, this publication must be seen as work in progress. A lot of creative things are happening in NGO capacity assessment and capacity building throughout the world. Sharing some of this wide variety of experience is one way of accelerating our learning.

The current state of the art means that nothing can be taken as a blue-print or single best way of going about OA exercises. In particular, the methods chosen must reflect the purpose. Perhaps the only thing that can be said is that a critical choice has to be made between participatory or non-participatory approaches. For all their drawbacks, participatory self-assessment offers more value-added if the process is properly structured to build capacity. Additionally, participatory approaches are more consistent with the operating style needed for effective development work. These considerations should bias the choice towards self-assessment as the normal mode. Arguments will need to be made for adopting alternatives.



# **APPENDICES**

## ORGANISATIONAL CAPACITY OF NGOS

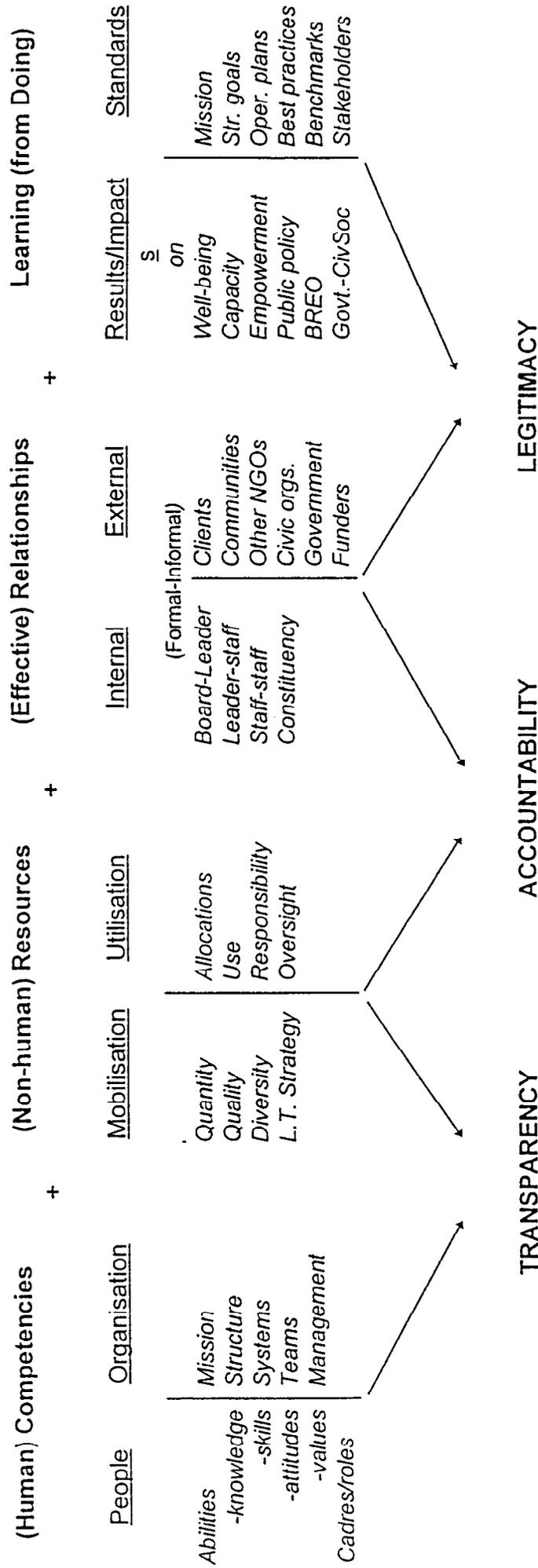
### DEFINITION

*capacity is the measure of an NGO's capability to effectively satisfy or influence its stakeholders.*

### FACTORS DETERMINING NGO CAPACITY

KEY FACTORS	PRODUCE	MEASURED
<p>(Human) Competencies + (Non-human) Resources + (Effective) Relationships +</p> <p>which interact to</p>	<p>an Organisation's Capacity ⇔</p>	<p>as the Capability to satisfy stakeholders</p>
<p>Learning from Results</p>	<p>⇔</p>	<p>⇔</p>

FACTORS DETERMINING NGO CAPACITY



L.T. Strategy = Long Term Strategy  
 BREO = Bureaucratic Re-orientation  
 CivSoc = Civil Society

Alan Fowle © r

# ASSESSING NGO CAPACITY

## 1. COMPETENCIES

(Human) COMPETENCIES	
HUMAN ABILITIES	ORGANISATION
<p><u>People</u></p> <ul style="list-style-type: none"> <li>Knowledge</li> <li>Skills</li> <li>Attitude</li> <li>Motivation</li> </ul>	<p><u>Identity</u></p> <ul style="list-style-type: none"> <li>Values+Mission</li> <li>Analysis+Strategy</li> <li>Position+Role</li> </ul>
<p><u>ROLES/CADRES</u></p> <ul style="list-style-type: none"> <li>Board</li> <li>Leadership</li> <li>Managers</li> <li>Operational staff</li> <li>Specialists</li> <li>Support staff</li> </ul>	<p><u>Structure</u></p> <ul style="list-style-type: none"> <li>Task divisions</li> <li>-integrated, specialized</li> <li>Authority distribution</li> <li>-(de)centralized</li> <li>-number of levels</li> </ul>
	<p><u>Systems</u></p> <ul style="list-style-type: none"> <li><b>Intervention(s)</b></li> <li>-entry, capacitation, withdrawl</li> <li>Decision-making</li> <li>Learning-planning</li> <li>Finance</li> <li>Administration</li> <li>Info.-comm., reporting</li> <li>Resourcing.</li> <li>Personnel-HRD</li> </ul>
	<p><u>Management</u></p> <ul style="list-style-type: none"> <li>Styles</li> <li>Levels</li> </ul>

## ASSESSING NGO CAPACITY

## 2. MEANS/NON-HUMAN RESOURCES

MEANS/(NON-HUMAN) RESOURCES	
MOBILIZATION	
NGO	OTHERS
<u>Sources</u> Gift economy Tax-base Commercial enterprise	<u>Communities</u> Cash/cost sharing -capital -recurrent In kind -volunteers -material inputs
<u>Quality</u> Conditions Expectations Reliability Trends	<u>Government</u> Subventions Secondments Inputs
<u>Vulnerability</u> Diversification Solvency/reserves Financing strategy	
UTILIZATION	
<u>Allocation</u> Relation to tasks Relation to dev. approach	<u>Sustainability</u> Ongoing surplus generated Secure benefits produced Ongoing motivation
<u>Use</u> Responsibility Oversight	Govt. establishment Govt, budget and disbursement
<u>Maintain/replace</u> Policy/strategy Reserves Inventory control	

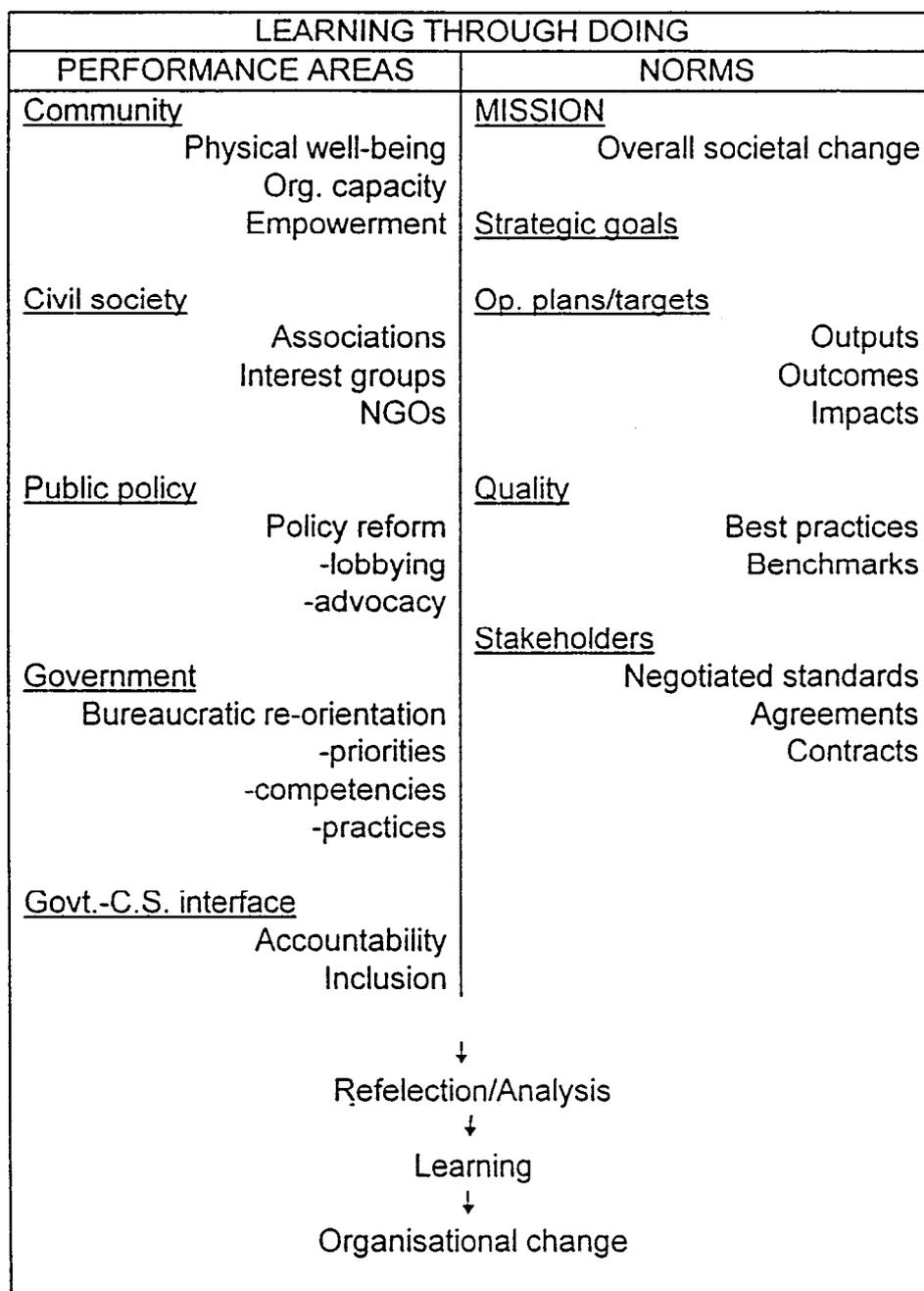
## ASSESSING NGO CAPACITY

## 3. RELATIONSHIPS

EFFECTIVE RELATIONSHIPS	
INTERNAL	EXTERNAL
<u>Board-Leader/Staff</u>	<u>Clients</u>
Role division	The poorest
Power division	<u>Community</u>
Ownership	Participation
<u>Leader-staff</u>	Targetting
Style	<u>Other NGOs</u>
Respect	Networks
<u>Management-staff</u>	Alliances
Trust vs control	Competition
Participation	<u>Civic orgs.</u>
<u>Staff-staff</u>	Collaboration
Team functioning	<u>Government</u>
<u>NGO constituency</u>	Forums
Social standing	Collaboration
Rootedness	
Understanding	
Trust	

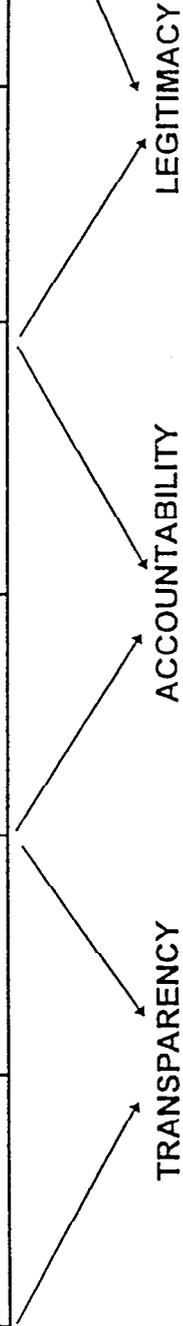
## ASSESSING NGO CAPACITY

## 4. LEARNING FROM RESULTS



# FACTORS IN ORGANISATIONAL CAPACITY OF NGOS

(Human) CAPABILITIES		(Other) RESOURCES		(Effective) RELATIONSHIPS		LEARNING FROM DOING	
HUMAN ABILITIES	ORGANISATION	MOBILIZATION	UTILIZATION	INTERNAL	EXTERNAL	PERFORMANCE AREAS	NORMS
People Knowledge Skills Attitude Motivation  Board Leadership Managers Operational staff Prof. specialists Support staff	<u>Identity</u> Values+Mission Analysis+Strategy Position+Role  <u>Structure</u> Task divisions Authority distribut.  <u>Systems</u> Intervention(s) Decision-making Learning-planning Finance Administration Info.-comm., report Resourcing. Personnel-HRD	<u>Sources</u> Gift economy Tax base Own enterprise  <u>Quality</u> Conditions Expectations Reliability Trends  <u>Vulnerability</u> Diversity Solvency Strategy	<u>Allocation</u> Relation to tasks Dev. approach  <u>Use</u> Responsibility Oversight  <u>Maintain/replace</u> Policy/strategy Reserves Inventory control	<u>Board-Leader/Staff</u> Role division Power division Ownership  <u>Leader-staff</u> Style Respect  <u>Management-staff</u> Trust vs control Participation	<u>Clients</u> Community Participation Targetting  Other NGOs Networks Alliances Competition  <u>Civic orgs.</u> Collaboration  <u>Government</u> Forums Collaboration	<u>Community</u> Physical well-being Org. capacity Empowerment  <u>Civil society</u> Associations Interest groups NGOs  <u>Public policy</u> Lobbying Advocacy Policy reform  <u>Government</u> Re-orientation -priorities -competencies -practices  <u>Govt -C.S. interface</u> Accountability Inclusion ↓ Reflection/Analysis ↓ Learning ↓ Organisational change	<u>Mission</u> Overall societal change  <u>Strategic goals</u>  <u>Op. plans/targets</u> Outputs Outcomes Impacts  <u>Quality</u> Best Practices Benchmarks  <u>Stakeholders</u> Negotiated standards Agreements Contracts
		↑	↑	↑	↑	↑	↑



# ASSESSING NGO CAPACITY

## FUNCTIONAL ENTITIES

### DEFINITION

A FUNCTIONAL ENTITY IS A RECOGNIZED, BOUNDED GROUP OF TASKS AND RESPONSIBILITIES

- I. BOUNDARIES ARE NORMALLY SET BY (A COMBINATION OF):
  - SPANS AND LEVELS OF AUTHORITY WITH LINES OF REPORTING
  - STRUCTURE OF BUDGET ALLOCATIONS
  - AUTHORITY OVER RESOURCE ALLOCATIONS
  - ACCOUNTABILITY FOR PERFORMANCE
  
- II. FUNCTIONAL ENTITIES NEST WITHIN EACH OTHER AND COMBINE TO MAKE UP THE ORGANISATION'S STRUCTURE
  
- III. FUNCTIONAL ENTITIES RELY ON TIMELY INPUTS (INCLUDING DECISIONS), TO PERFORM THEIR DESIGNATED TASKS, PRODUCING OUTPUTS NEEDED BY OTHERS
  
- IV. FUNCTIONAL ENTITIES ARE LINKED BY HORIZONTAL AND VERTICAL SYSTEMS
  
- V. THE WORK OF FUNCTIONAL ENTITIES IS DETERMINED BY STRATEGIES, GOALS, OBJECTIVES AND PLANS SET AT VARIOUS ORGANISATIONAL LEVELS
  
- VI. THERE ARE FIVE MAJOR TYPES OF FUNCTION IN AN ORGANISATION
  - 1 SENIOR MANAGEMENT/STRATEGIC FUNCTIONS
  - 2 MIDDLE MANAGERIAL FUNCTIONS
  - 3 DIRECT OPERATIONAL -- THE CORE FUNCTIONS
  - 4 TECHNICAL SUPPORT FUNCTIONS
  - 5 ADMINISTRATIVE SUPPORT FUNCTIONS

## ASSESSING NGO CAPACITY

### STEPS IN DEFINING MEASURES FOR FUNCTIONAL ENTITIES

1. DECIDE ON CRITICAL CAPACITIES FOR EACH OF THE FOUR FACTORS  
  
HUMAN/ORGANISATIONAL ABILITIES  
MEANS  
RELATIONSHIPS  
LEARNING
2. DECIDE ON "IDEAL" STANDARD REQUIRED FOR EACH CAPACITY
3. DETERMINE APPROPRIATE INDICATORS FOR EACH CAPACITY
4. DECIDE ON SOURCE OF EVIDENCE, INFORMATION.

QUESTIONS FOR ORGANISATIONAL SELF ASSESSMENT

1. **What is our organisation's purpose in society?**
  - 1.1 What are we trying to achieve?
  - 1.2 What specific results are we seeking?
  - 1.3 Do we need to redefine our purpose?
  
2. **Who are we here for?**
  - 2.1 Who are we *primarily* here to serve or influence?
  - 2.2 Who else are we here to serve or influence?
  - 2.3 How are these people changing?
  
3. **What do the people we are here for value of find important?**
  - 3.1 How does what these people value affect what we do?
  - 3.2 Are we providing what those we are here for what they value?
  - 3.3 Are we reaching those we wish to influence?
  - 3.4 What information do we need about them for our work?
  
4. **What are our results?**
  - 4.1 How do we define results for our organisation?
  - 4.2 In how far have we achieved these results?
  - 4.3 What are our strengths and weaknesses?
  - 4.4 How do our results affect what we do?
  
5. **What is our plan?**
  - 5.1 What have we learned and how should we change what we do?
  - 5.2 Where should we prioritise?
  - 5.3 What is my personal plan to improve in my area of responsibility?
  - 5.4 What is our plan to improve the organisation's performance?

For each question it is important to state HOW you know the answer.  
That is, explain the evidence on which the answer is based.

## CAPACITY ASSESSMENT GUIDE: DEVELOPMENT NGO

CAPABILITY	INDICATORS: Degree (Low/Medium/High) to which:	L/M/ H
1. ORGANIZATIONAL FOUNDATIONS	<ul style="list-style-type: none"> <li>o Organization vision, mission and strategy are clearly defined, consistent and shared among staff.</li> <li>o Strategy links core programs with organizational capacities and environmental realities, to promote sustainable change. Key programs include:               <ul style="list-style-type: none"> <li>o _____</li> <li>o _____</li> <li>o _____</li> </ul> </li> <li>o Strategy and programs address fundamental societal values and issues (e.g., disaster relief, gender).</li> <li>o Legal form and organizational policies (e.g., governance, personnel, financial) make organization accountable to and legitimate within larger society.</li> </ul>	
2. ORGANIZATIONAL RESOURCES	<p><b>PHYSICAL AND INFORMATION RESOURCES</b></p> <ul style="list-style-type: none"> <li>o Physical space/facilities is adequate to tasks.</li> <li>o Needed equipment and materials are available.</li> <li>o Information (technical, social, political) for program performance is available.</li> </ul> <p><b>FINANCIAL RESOURCES</b></p> <ul style="list-style-type: none"> <li>o Funds are available for planned activities.</li> <li>o Financial data are up-to-date and accurate.</li> <li>o Effective financial management and accounting systems are in place.</li> <li>o Financial systems are transparent to key constituents.</li> </ul> <p><b>HUMAN RESOURCES</b></p> <ul style="list-style-type: none"> <li>o Staff skills and numbers are adequate to do work.</li> <li>o Compensation is adequate and equitable.</li> <li>o Staff have relevant development opportunities.</li> <li>o Recruitment, reward and promotion systems encourage good performance and staff morale.</li> </ul>	
3. ORGANIZATIONAL CAPACITIES	<p><b>LEADERSHIP</b></p> <ul style="list-style-type: none"> <li>o Leaders articulate and communicate core values and visions.</li> <li>o External constituents respect organizational leadership.</li> <li>o Leaders involve staff in organizational planning and decision-making.</li> <li>o Leaders set good example for staff.</li> </ul> <p><b>ORGANIZATION AND MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>o Organization structures and systems divide and coordinate work effectively.</li> <li>o Vertical and horizontal communications are clear and understood.</li> <li>o Delegation of authority enables responsible staff participation.</li> <li>o Organization uses staff differences in skills and perspectives constructively.</li> </ul> <p><b>LEARNING</b></p> <ul style="list-style-type: none"> <li>o Organization fosters individual and team problem-solving.</li> <li>o Organization makes systematic effort to learn from its experience and problems.</li> <li>o Organization translates learning into innovative action.</li> </ul>	
4. CORE TASK IMPLEMENTATION	<ul style="list-style-type: none"> <li>o Core tasks are clearly understood and accepted.</li> <li>o Staff and staff teams work and learn together well.</li> <li>o Staff are held accountable to clear performance standards.</li> <li>o Monitoring and evaluation provides feedback used for performance improvement and organizational learning.</li> </ul>	
5. BENEFITS AND IMPACTS	<ul style="list-style-type: none"> <li>o Programs reach planned and measurable performance goals.</li> <li>o Intended beneficiaries perceive and value benefits.</li> <li>o Programs build sustainable local capacities and resources.</li> <li>o Programs validate or elaborate organization's strategy and theory of development.</li> <li>o Unintended consequences are recognized and dealt with effectively.</li> </ul>	
6. EXTERNAL RELATIONS	<ul style="list-style-type: none"> <li>o Organization creates and maintains stable relationships with donors.</li> <li>o Government agencies respect and are influenced by organization's work.</li> <li>o Organization build alliances with and learns from other NGOs.</li> <li>o Larger publics perceive organization's work as valuable.</li> <li>o Organization can construct alliances across sectors to solve development problems.</li> </ul>	

ORGANIZATIONAL EFFECTIVENESS: SAMPLE EVALUATION QUESTIONSPURPOSE AND STRATEGY

1. Does the organization have a clearly-defined purpose to which all concerned (constituency, board and staff) are committed?
2. Does it have a well-developed and realistic strategy to achieve its purpose? Has it, for example, taken into account: the organization's capacity to deliver the programmes; the availability of the necessary resources; the needs and wishes of the target groups; and various "environmental" factors (government policy, the political and economic situation, climate, and so on)?

ORGANIZATIONAL CULTURE

3. Do the constituency, board and staff have the same values concerning both the purpose and the way that the organization operates?

CONTROL AND ACCOUNTABILITY

4. Does the board (and possibly the members) really control the organization? What power do the staff, target groups, or donors have over the decision-making process? Is this power appropriate or unhealthy in the long term?
5. Are there good relations between the board and the staff? Does the board receive adequate information to be able to take realistic decisions?
6. Is the organization accountable to its various interest groups: target groups, local communities, government, donors, constituency and staff? Does it have a clear policy on accountability? Is this policy implemented?

PRODUCTS, PROGRAMMES AND SERVICES

7. Do the target groups participate in the planning, management and evaluation of the programmes?
8. Are the programmes effective and appropriate? Do they meet the priority needs of the target groups? Are they sustainable in the long term? Do the programmes have a long-term impact on the local community and/or country?
9. Does the organization have the ability to adapt the programmes (and the strategy) to changing situations and needs?
10. Does the organization have the ability to develop and/or expand the programmes without over-extending itself?

11. Does it have the staff with the relevant skills and experience for each programme (sectoral skills, facilitation skills, experience with target groups, etc.)?

#### A LEARNING ORGANIZATION

12. Does the organization have the ability to think critically about itself? Does it have the ability to learn from its successes and failures?

#### GROWTH AND CHANGE

13. Has the organization grown significantly in recent years? What is the attitude of the staff to change? How has it coped with the change?
14. Has the organization diversified recently? Did it over-extend itself? Did the staff have the relevant capacity before diversification? Was the diversification planned or was it forced on the organization?

#### RESOURCES IN GENERAL

15. Does the organization have adequate resources to carry out its activities? If not, does it have a realistic plan for obtaining the resources?
16. Is there a plan for distributing the resources? Are they, in fact, distributed efficiently and fairly? Is there a system for resolving conflict over resources?

#### FINANCIAL RESOURCES

17. Does the organization have several sources of funding? If it is dependent on grants, does it have plans to generate income in alternative ways? What proportion of its funding comes from its constituency?
18. Does the organization have to spend an unreasonable proportion of its time on obtaining financial resources (and on satisfying donor reporting demands)? Do donors influence the organization's strategy and programmes?
19. Is there a difference between what the organization says it does and what it actually does? Is there any conflict between the fund-raising and the operational departments?
20. If the organization does not have sufficient funding, how does it cope with inadequate funding?
21. If the organization is offered more funding than it immediately needs, is it pressurized into expanding or diversifying without planning or possibly without having the necessary capacity?

### HUMAN RESOURCES

22. Is there an adequate number of staff with the required skills to carry out the programmes and to run the organization?
23. Is there an adequate system for recruiting and firing staff? Do political, family or personal ties unduly influence this process?
24. Does the organization have the ability to resolve conflict among the staff, or between outside groups and the organization?
25. Is there a formal or informal training programme for the staff?
26. Is there a high turnover of staff? Does the organization have the appropriate incentives for motivating and retaining staff?
27. Is there an adequate personnel system for administering staff, ensuring equitable treatment, resolving grievances, and so on?

### COMMUNICATION

28. Does the organization have an effective system for circulating information to all concerned? Are there aspects of the organization's activities that are kept unnecessarily secret?
29. Is there a spirit of open communication within the organization? Do people work as a team or as individuals? Are office doors kept closed as much as possible? Do the staff get together over coffee and/or lunch? Are there social occasions?
30. Is conflict managed or ignored? How is conflict resolved between: board and staff; volunteers and professionals; headquarters and field staff?

### LEADERSHIP

31. Is the leadership style(s) used by the directors and/or senior staff appropriate to the organization, its purpose and values? Do staff resent the way that they are managed?
32. Are responsibilities delegated to the appropriate staff? Does the delegation work?
33. Is the organization dominated by the original founder? If so, does s/he control (or try to control) every aspect of the organization and to resist change?
34. Are there any possible successors to the current director?
35. Do the staff feel that they can speak openly?

#### PROBLEM-SOLVING AND DECISION-MAKING

36. Does the organization have a system (and do the staff have the skills) for identifying problems, analysing options and then taking the relevant decisions?
37. Are the staff involved in the decision-making process? Are they consulted about issues before the decisions are taken? Do they feel that their opinions are considered?

#### PLANNING, MONITORING AND EVALUATION

38. Are there well-established systems for planning, monitoring (controlling) and evaluation? Do the staff have the necessary skills? Are the systems actually used? What are the staff's attitudes to planning and evaluation?
39. What happens to the results of the evaluations? Are they gathering dust or are the recommendations put into practice? Are they used in the planning process?

#### STRUCTURE AND SYSTEMS

40. Does the organization have a structure (and administrative systems) that is appropriate to its functions? Is the structure over-complicated for the size of organization or, for that matter, so simple that it is almost non-existent?
41. Do the staff have clear job descriptions? Do they know what authority they have, what results they are expected to achieve and how they will be assessed?
42. Does the organization have adequate systems and administrative procedures?

#### FINANCIAL MANAGEMENT

43. Does the organization have an adequate financial management system (and skills)? Are the budgets realistic? Do the financial controls work? Do the programme staff have a reasonably accurate picture of the financial situation of the various projects and activities?
44. Is the organization technically bankrupt? Has it pre-financed projects that have not been guaranteed by donors? Has it commitments (for example, staff salaries) that are greater than its reserves?
45. Are project funds clearly separated? Is there any danger that temporary credits in one project account could be used to finance (however temporarily) another project?
46. How does the organization deal with cash-flow difficulties? Does it have any reserves?

CROSS-CULTURAL ISSUES

47. Are there any cross-cultural issues affecting the organization? If so, how does the organization deal with them?

EXTERNAL LINKAGES

48. Does the organization have good relations with government (national and local)? Does its strategy take the government's plans into account?
49. Has the organization established links with other organizations working in the same sector or geographical area, or with the same target groups? Is its basic attitude one of collaboration or of competition?
50. Does the organization have good relations with the local communities? Can it mobilize participation in its programmes?

\* \* \* \* \*

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## Participatory Self Assessment of NGO Capacity

Alan Fowler, with Liz Goold and Rick James

The past ten years has seen a rapid increase in the number and size of development NGOs. This growth has not always been accompanied by an improvement in their performance. There is a growing realisation that poor performance may be linked to organisational problems. This has led to an increasing emphasis on the need for developing ways of assessing the capacity of NGOs.

Based on the principle that on-going self-assessment and learning is integral to being a healthy organisation, this Occasional Paper draws on a variety of participatory tools and methods that can be applied by an NGO itself, preferably with the support of a skilled advisor or consultant. Different approaches are outlined, depending on the degree of complexity of the NGO concerned.

This paper represents work in progress; it is certainly not the final word on Organisational Assessment or state of the art.

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