CECI- SAHAKARYA
NGO Organizational Assessment tool

Introduction:

To have sustainable benefits, all development support must be rooted in a thorough knowledge of partner organizations. However, experience shows that many projects have partnership with local organizations without having known their partners. This resulted in badly targeted interventions not meeting partner's expectations, difficult relationship causing tensions, and limited impacts. It is vital therefore to have at hand some simple yet rigorous tool, which helps to determine an organizational and financial viability.

Expected Results:

Organizational Assessment may yield the following results depending upon the specific needs:
- General Overview of the organizations (Organizational profile),
- Organizational Diagnosis, identifying the main internal factors of ineffectiveness affecting its development, and
- Solutions to address the identified problems

Objectives of the tool

The *NGO organisational assessment tool* takes a central role in SAHAKARYA approach on institutional development. The tool serves three purposes:
1. To assess strong and weak aspects of the partner NGO as a starting point for the identification of areas of cooperation;
2. To monitor the effects of external support on its development;
3. To involve partner organisations in a participatory assessment and monitoring procedure which ensures 'ownership' of the procedure and the outcomes of it by those partner organisations.

Limitations of the tool

An organisation's capacity is too complex to be covered by a set of indicators. Often, it will be the combination of various aspects (or indicators) that will determine whether an organisation is running well or not. Therefore, the tool provides nothing more than a proxy indicator for measuring an organisation's capacity.

The organisational assessment tool is a participatory one. Although participatory tools can be very effective, they have one serious drawback: their subjectivity. If participants in the organisational assessment exercise want to 'show off', for whatever reasons, they can do so. The facilitators of the exercise should therefore check answers from participants by asking examples and/or viewpoints from other participants.

The range of existing NGOs in Nepal is extremely wide. It should be born in mind that this tool has been developed in particular for NGOs working in the field of community development at the grassroots level.

The Tool Box

This assessment tool contains the following:
- Establishing the general profile

- Conducting Diagnosis
- Searching for solution

Each of the modules is presented as a series of steps and questions. The modules allow us to examine the various aspects of an organization by asking three basic questions: who? what? and How?

MODULE 1: ESTABLISHING THE GENERAL PROFILE

Being an NGO, the organization operates in an area between the potential requester of services and one or more groups of grassroots communities. The organization occupies this in between area as a function of its knowledge of both worlds and the credibility it may enjoy on both sides. It is a service organization, whose operating and mediation costs must remain relatively low so that the major part of the funding agency grants for grassroots communities are indeed spent for their benefit.

The task involves four steps: Confidence building, clarification of the organization’s purpose, an examination of how the organization goes about serving its clients, and survey of the organization’s credibility in its environment.

The person assigned to prepare the general profile will need the following documents:

- The organization’s legal charter,
- Its bylaws and regulations,
- Its most recent financial statements,
- The minutes of at least the last General Meeting,
- The minutes of at least the three most recent BOD meetings; and
- Evaluations of projects run by the organization, if such evaluations have been conducted.

The tool consists of ten headings of organization development, and each heading has 1-6 questions. Each of the headings should receive a score. The scores per subheading are mentioned in the Assessment grid. It ranges from 3 to 16 and are determined on the basis responses from the group meetings. The scores of the subheadings are added and the total score is presented as final score.

One or two experienced evaluators facilitate the exercise. The participants are about five or six representatives from the concerned NGO. The participants should represent various levels, units or positions in the NGO (from senior staff to junior staff; from administration to field based - women, Dalits, janajaties and other disadvantaged group)

Some instructions for the facilitator:

- ♦ Be sure that one or two participants are not dominating the exercise. If this situation tends to occur, start asking opinions first from those participants who are silent while going through the questions.
- ♦ Check answers regularly by asking concrete examples.
- ♦ Be sure that the answers reflect the dominant situation within the organisation and not the situation in one unit. However, do keep in mind that sometimes one small unit may dominate the whole organisation on certain particular issues. For example, if there are no regular meetings on the senior management level, in the organisation as whole regular meetings might be organised. However, if the senior management of an organisation has no vision on development, the organisation as a whole is likely to have no clear vision.

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NGO ORGANIZATIONAL ASSESSMENT

1. ORGANIZATIONAL PROFILE

Indicators	Full score	Score Marked
1.1 History and Purpose indicates its stable existence and operation	**10**	
a) How long has the NGO been in existence? How was it founded? b) What significant events shaped its development? c) What major studies or projects has it conducted? d) What are its major successes and failures?		
1.2 Strategic vision is clear	**12.5**	
a) What are the current issues at stake? What is the outlook for interesting projects and financing possibilities? b) What are the funding mechanisms available to this NGO? c) What are the advantages and disadvantages of each? d) Which are main other NGOs active in the same field? e) What differentiates this NGO from others?		
1.3 Programs and Projects are geared towards results	**9**	
a) What are distinct features of this NGOs programs and projects? b) Do you obtain satisfactory results? c) How do this NGO's programs and projects compare to those of similar NGOs?		
1.4 Beneficiaries and funding agencies are satisfied.	**7.5**	
a) Who is the targeted group of this NGO (women, Dalits, janajaties, poor or other disadvantaged group)? b) Is this NGO implementing a special program for women, Dalits, Janajaties, poor and other disadvantaged groups? c) Does this NGO think the beneficiaries of the programs and the funding agencies are generally satisfied with the results obtained?		
1.5 NOG has clear defined legal charter	**2.5**	
a) Does this NGO have a clearly defined legal charter? And what are the advantages and constraints of this status?		
1.6 NGO has satisfactory level of organization status	**12.5**	
a) Is the organizational structure clearly defined? b) Is division of tasks and responsibilities clear and understood by board members and staff?		

c) What are roles and degree of involvement of the Board of Directors? d) What is the leadership style? e) Are there enough and balance between the number of female and male in membership and staff (Dalits, Janajati and other disadvantaged groups) in the organization		
Indicators	**Full score**	**Score Marked**
1.7 The Decision making Process corresponds its vision	**9**	
a) How are decisions made in the organization? Is the decision making structure based upon clear division of responsibilities? b) Is division of tasks and responsibilities clear and understood by board members and staffs? Do board members and staff understand this? c) Is the programme supportive administration / logistical support (inc. administration?) adequately arranged and its size appropriate?		
1.8 Management System is in place	**9**	
a) Is there a process for budget forecasting? b) Are there clear policies and rules on the management of staff and equipment? c) Are the materials resources sufficient (buildings, vehicles and equipments, etc.)?		
1.9 Financial management is appropriate	**18**	
a) Is the accounting system in the organization appropriate? b) Is there a financial control system in place? Is annual external auditing done and made available to all concerned? c) What are the sources of revenue? Is the organization in deficit situation? d) How are current expenses approved? How are financial statements laid out? e) Are budgets based on programme plans, expenses in line with budgets and as such reported upon? f) Are overheads within acceptable limits and reduced to the maximum extent.		
1.10 NGO is relatively unbiased and objective; and community perceives it as an good organization	**10**	
a) What are organization's strengthens and weaknesses? What are its comparative advantages? b) Is the NGO perceived as a good organization? c) Does this NGO have linkages with community, local government, line		

agencies and other like-minded NGOs, CBOs and networks? d) What are its main problems at the time of assessment?		
Final Score received	**100**	

MODULE 2: CONDUCTING ORGANIZATIONAL DIAGNOSIS

An organizational diagnosis is demanding operation and must be done completely and thoroughly. It is assumed that the person leading the diagnosis has the agreement with BOD (board of director) as to the manner in which it will be carried out. The final report will be submitted to BOD, which will have the responsibility to follow. The report must clearly bring out the main "structural" problems (not more than 5), which require some corrective effort from the organization.

The suggested process consists of meeting individually with various groups within the organization BOD, senior management, support staff, technical staff, project staff, etc.) as well as outside clients such as beneficiary communities.

The diagnosis team proceeds in the following order:

- Check and strengthen the factual data of the organization profile. The data thus gathered will help in conducting interviews and group sessions,
- Conduct interviews with individuals and work groups will all the members of management, as well as technical and support staff,
- Visit one of the project site and meet on site the project staff,
- Plan a day with BOD and interview with the chair and treasurer,
- Analyse the results, identify the main bottlenecks and draft report,
- Present the report to BOD in the presence of senior management groups,
- As needed table a final draft, taking into account any new elements, which emerged in the previous step.

The diagnosis of an organization seeks seven results:

- Determine to what extent programs yield results, are tailored to the client expectation, and are in line with organizational mission.
- Determine to what extent lessons learned are integrated and strategies are formulated in line with organization's needs.
- Determine to what extent the organization structure is functional, to what extent it is sufficient for the programs and if the human resources are component and able to support organizational development.
- Evaluate the financial health of the organization and determine to what extent the finance-accounting and auditing system is sufficient.
- Determine to what extent the general policies and planning and control methods are effective and suited to delivery of programme results.
- Determine to what extent the organization has a vision of the future and does this appear in tune with current trends and with competition in the sector.

Identify document and prioritise the main factors of inefficiency.

2. ORGANIZATIONAL DIAGNOSIS

Indicators	Description
Diagnosis 1: Determine to what extent programs yield results, are tailored to the client expectation, and are in line with organizational goal.	
2.1. Programs Results	
a) Were the programs objectives partially or completely achieved? b) Does the organization have true areas of excellence? Which ones? c) Are any of the programs and projects have implementation problems?	
2.2 Client Satisfaction	
a) What impressions do the beneficiary communities give of the programs? b) Did the program bring any significant changes to these communities quality of life? c) How the funding agencies feel about their relationship with the organization? What do they think of the field results the organization has obtained?	
2.3 Mission	
a) Are the programs in line with organization's mission? b) Are the results obtained compatible with organizational goal? c) Can the evaluator conclude that this NGO is a true development organization?	
Diagnosis 2: Determine to what extent lessons learned are integrated and strategies are formulated in line with organization's needs.	
2.2.1 Strategies, Approaches and Experience	
a) Is the organization using up-to-date strategies and approaches (CDSA, RBA, GSI and CBA etc.)? b) Have the experiences gained and lessons learned put into sufficient use? c) Are opportunities for technical advancement available to the organization's professionals?	

Diagnosis 3: Determine to what extent the organization structure is functional, to what extent it is sufficient for the programs and if the human resources are component and able to support organizational development.	
2.3.1 Management and skill of human resources	
a) Does the Board of Directors have a vision and experience to control and foster the organization development? b) Do the Board members and staff have effective communication skills and communication mechanism in the organization? c) Are the profiles and skills of the professional teams match to the requirements of the programs? d) Are the management system and personnel policies to appraise the work of its staff? e) Are the salary scales attractive and competitive?	
2.3.2 Organizational style	
a) Is there a clear distinction between the roles and responsibilities of the Board of Directors and management groups? b) Are members and staff adequately involved in decision-making and adequately informed of the decision made? c) Are the organization's annual action plans overall budget discussed and amended by Board of Directors and General Assembly? d) Does the staff knows and understand the roles and responsibilities of the various bodies (general assemble, board of directors, committees and sub-committee etc.) within the organizational structure?	
Diagnosis 4: Evaluate the financial health of the organization and determine to what extent the finance-accounting and auditing system is sufficient.	
2.4.1 Accounting system	
a) Is the accounting system functional and match the organization's needs?	

b) Are the account staffs conversant with it?	
2.4.2 Audit system	
a) Are the internal and external audit systems in place? b) Are there adequate techniques to analyse the viability of various programs? c) Does the Board of Directors have adequate information needed to fulfil its task of monitoring finance of the organization?	
2.4.3 Financial Well-being	
a) Are the programs financially viable? Which program does not cover costs? b) Have the organization's revenues kept pace over last three years? c) Has the organization been able to diversify its sources of funding over the last three years?	
Diagnosis 5: Determine to what extent the general policies and planning and control methods are effective and suited to delivery of programme results.	
2.5.1 Guidelines and Methods of planning and implementations	
a) Are the organizations guidelines relevant in terms of its mission and objectives? b) Are they understood by staff and applied correctly?	
2.5.2 Planning, Monitoring and reporting	
a) Is the annual planning process for the various projects and programs adequate and appropriate? b) Has the organization involved community people (women, Dalits, janajaties, poor and other disadvantaged groups) during the project planning and monitoring? c) Does this system allow the organization to respond to the requirements of its environment? d) Are these mechanisms known and accepted by mangers and staff/	

Diagnosis 6: Determine to what extent the organization has a vision of the future and does this appear in tune with current trends and with competition in the sector.	
2.6.1 Vision and strategic management	
a) Can the organization clearly define its strengthens, weaknesses and niches vis-a vis other players and competitors? b) Has the organization developed its long-term vision for benefiting (women, Dalits, janajaties and other disadvantaged groups) and does it remains faithful to its mission? c) Has the organization in position to analyse current development issues and to devise new programs matching the challenges? d) Is it able to follow the evolution of new funding opportunities?	
Diagnosis 7: Identify, document and prioritise the main factors of inefficiency.	
What are the main factors of inefficiency?	

Notes and suggestions	

MODULE 3: SEARCHING FOR SOLUTIONS

The search for solutions must follow the diagnostic as closely as possible. It is based on a maximum of five leading factors of inefficiency singled out in the earlier exercise. This requires that the BOD bears with difficulties and agrees to launch a participatory process involving all components of the organization. Outside support is usually needed to run this process.

The anticipated results of the search for solutions are:

- Acknowledgement of the Diagnosis by the various segments of the organization,
- Arriving at a consensus on the changes and priorities to undertake to resolve the problems which came out in the course of the diagnosis, and
- An operational plan of action, which integrates the various activities recommended in the search of solutions phase.

At the outset, it is essential to simplify the diagnosis and present it plain English or in Nepali. The desired results of this task are: various components of the problem-laden organization buy into diagnosis, and the organization agrees to conduct broad based and frank discussion. At the end of the meeting, those interested must be invited to begin reflecting on tangible solutions.

Once the consensus on the diagnosis is achieved, conduct the search for solutions in a participatory way. It is vital at this point, to highlight solutions to fundamental identified problems and to prioritize the remedial actions. The evaluators must seek consensus. Ask BOD to take decision on: units or persons to participate in the process of drawing up the action plan and the deadline for having the action plan completed.

Adopt an action plan with very specific timelines. The action plan is drawn by subgroup of interested people made of BOD and the management group. If needed, this group may call in outside support. The action plan may be tabled at a special general meeting for discussion and adoption.

Action Plan

S.N	Objectives	Activities	Date	Resources	Responsibility