Organisational Capacity Assessment Tool (OCAT): Guidance

This document has been created to help you conduct the organisational capacity assessment (OCA). This assessment is not a test, but has been designed to support you in identifying areas for improvement and progress in achieving value for money, and to guide the UK Aid Direct team as they develop tools and learning resources to help you implement your project.

It is important the OCA is conducted on the specific UK Aid Direct funded project, rather than the organisation or implementing partner. However, should you wish to use the OCA tool for other projects or to adapt the approach to conduct an OCA within your organisation, please feel free to do so.

We recommend you allow two hours to complete the assessment and ensure all members of your OCA team can see either the online tool or table 1 (p.11).

The OCAT is located on Survey Monkey. Please read through this guidance before following the link. Once your OCA has been completed, please keep the score page open as you will need to transfer the scores into the OCA Dashboard in Excel.

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Introduction to the Organisational Capacity Assessment Tool

Who should complete an Organisational Capacity Assessment?
All UK Aid Direct Community Partnership, Impact and Jo Cox Memorial (JCMG) Network grant holders are required to complete the organisational capacity assessment (OCA) on an annual basis. Small Charities Challenge Fund and JCMG Strengthening grant holders are not required to complete the OCA, although are welcome to use the resources available.

Why use the Organisational Capacity Assessment Tool (OCAT)?
- It allows you to identify areas of capacity that require strengthening within your project
- Increased organisational capacity leads to a more efficient and effective project, resulting in better value for money and a greater impact
- Completing an OCA enables the Fund Manager to identify capacity needs, informing the capacity building support provided to grant holders.

When should the assessment be carried out?
- At the start of a UK Aid Direct grant, the OCA should be conducted and submitted within the first three months to provide baseline capacity information
- It should then be carried out on an annual basis in line with the Department for International Development (DFID) annual reporting schedule (submitted alongside your annual review documents).

How to conduct the OCA

1. Designate an individual to take responsibility for the OCA process for the project duration. They should have the ability to drive change and facilitate open discussions.
2. Decide on the rest of your OCA team. This should include project staff at all levels, to identify gaps in documentation or processes, and ensure a full picture is captured. Be sure to include grant holder and implementing partner staff (where applicable).
3. Arrange for your OCA team to meet for at least two hours. This should ideally be done in person but can be virtual.
4. The OCA team should be prepared to have an honest and open debate. The individual responsible should remind all participants that this is not a test and will not affect jobs or funding.
5. Read through this document before starting and revert to it as necessary during the OCA.
6. Before starting, ensure all OCA team members can see the options for each answer (please print Annex 1 - saved in the Grant holder guidance section of the UK Aid Direct website - if the team cannot see the screen). The assessment requires you have access to the internet also as you will be completing the assessment using an online Survey Monkey tool.
It is possible to conduct the OCA offline in stages if you are not able to facilitate a full two-hour session. To do this, the guidance should be shared with all parties involved, and answers to each question (see Annex’s 1 and Annex 2) should be finalised over a series of conference calls or emails. The lead person can then input the final agreed answers into the OCA online tool in one sitting. This approach is not recommended however, as an honest and open debate is better facilitated in person.

### Helpful Questions

The OCA is most useful when full consideration is given to the answers. To do this, here are some questions to ask, as you go through the tool:

- Is the document fit for purpose?
- Do we adhere to the document/strategy/plan?
- How can we make the document/strategy/plan more useful?
- Would someone be able to find the documentation if they wanted to?
- Why do we have issues with this (or why do we not have issues)?
- Are there lessons that can be transferred to other areas of the project?
- Is it just documentation, or is it implemented? How do we know this?

It is worth discussing potential solutions where the OCA identifies gaps and note these down for implementation later. If there are any specific gaps you would like help to address, please reach out to your Performance and Risk Manager.

### Step by Step Definitions for the OCAT

You will be asked to assess your project against five areas of organisational capacity and four sub-categories. Definitions of each category and sub-category are provided below. A full breakdown of the questions and the scoring criteria is provided in Annex 1 and Annex 2.

#### Governance

Governance capacity relates to the project’s ability to operate effectively to achieve its aims. It is about: having roles and responsibilities, checks and balances, and documenting the aims of the project, so that everyone is working towards the same goal.

<table>
<thead>
<tr>
<th>Theory of Change</th>
<th>A theory of change is usually presented as a diagram or flow chart, showing how a problem statement leads to interventions which lead to outputs, outcomes and an overall impact.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organogram</td>
<td>An organogram is usually presented as boxes in a diagram, with each box representing a different position within the project (for example, one box for the Project Officer and one box for the Finance Officer). These boxes are displayed based on hierarchy, with arrows between them showing reporting lines.</td>
</tr>
</tbody>
</table>
**Memorandum of Understanding (MoUs)**

MoUs are documents that detail the roles and responsibilities and the legal relationship between the lead organisation on the project and others. If the project only involves one organisation, please think about the agreements in place with other stakeholders like the community or government and answer the question based on these, commenting in the circumstances box that you have done so.

**Sustainability**

This looks at the project’s efforts to sustain impact and results beyond the life of the funding, ensuring that lasting change is achieved.

**Planning**

Planning capacity relates to the ways of working on the project. For example, how the project team know what to do, how plans ensure you are reaching beneficiaries, how the project plans for risk, and how the project reports. This is important as it ensures the team continues to work towards the goals of the project.

**Workplan**

A workplan is a documented, detailed list of activities that is time bound and provides logical steps to achieve all the outputs in your project. It should be revised on a quarterly basis to ensure that it is up to date and accurate.

**Vulnerable and Marginalised Populations**

A Vulnerable and Marginalised Populations (V&M) strategy is a document that sets out what V&M populations will be targeted through the project and how (the project will target them). Specific barriers for V&M populations are identified in this, along with ways these can be overcome.

**Annual Reports**

Annual reports are detailed accounts of what the project has achieved and how, over the course of the programme. These include the annual review (AR) provided to the UK Aid Direct team. If you are a new grant holder and haven’t yet been through an AR process, please answer this question based on other reporting (for a previous project, or to your organisation), or select ‘We don’t provide annual reporting to anyone’, noting in the circumstances box that this is due to being a new grant holder.

**Risk Matrix**

A risk matrix lists risks that may lead to the project not achieving its results, or the grant funds being wasted. This should identify risks across a range of categories: External Context, Safeguards, Fiduciary, Delivery, Operational and Reputational, and should provide a weighting score for ‘impact’ and ‘likelihood’, categorising risk into minor, moderate, major, severe. The matrix should be reviewed and used to adapt the workplan and updated as circumstances change. For example, if an election is called.

**Human Resources**

Human resources capacity is the project’s ability to recruit, retain and develop suitable staff according to the needs of the project. This is important for the ongoing implementation of the project.

**Recruitment**

Recruitment guidelines detail the steps that must be completed, to recruit someone. For example, a public advertisement, a shortlisting, and an interview, and the individuals who should take part in the recruitment process.
Retention and Development
Retention means the project’s ability to keep staff, and not keep recruiting for the same positions because people are leaving often. One method of retention is to ensure staff are trained and receive development. This may be specifically in areas related to this project, or other areas like management.

Staff in Place
This relates to having the right staff in place to run the project. This can be based on the organogram for the project, or a budget, in which the positions are listed out. Where there are people filling each post, it is important to establish if they currently have the capacity to fulfil their roles. For example, does the individual responsible for finance feel comfortable using Microsoft Excel/accounting software?

ICT Capacity
As project management and reporting tools are predominantly IT based, it is important for the sustainability of the project that more than one person has IT skills and equipment. This should not only be at the grant holder level, but at the local organisation level too.

Financial Management
Financial Management relates to the project’s ability to use and monitor funds in a transparent and efficient way, in accordance with the workplan and agreed parameters from the UK Aid Direct grant arrangement.

Budgeting
It should include unit costs for people and expenses, the quantity, and the total cost per year of the programme. The unit costs should come through benchmarking, and the units through the workplan. The budget should be stuck to by the whole project team wherever possible.

Financial Documentation and Retention
Financial documentation includes receipts, invoices, quotes and any other material that shows the amount spent and what this was on. Retention is whether the financial documentation has been saved somewhere (either in the office or on the computer), rather than being thrown away.

Value for Money
Value for money looks at how efficient and effective the project is. This means shopping around to find the best value quote (not necessarily always the cheapest) and spending money on interventions that will effectively achieve the projects aims.

Procurement
Procurement guidelines detail the steps required to procure goods or services and the individuals who should be involved in the process. For example, seeking three quotes, conducting value for money analysis on these, negotiation, and contracting.

Monitoring and Evaluation
Monitoring and Evaluation capacity is the project’s ability to develop data collection tools, collect data, analyse results and learn from them in a timely basis, to measure the organisation’s progress against the UK Aid Direct logframe.

Data Collection
A data collection plan provides definitions for each of the indicators the project will be measuring and the methodology for how this data will be collected. The data collection plan should remain consistent throughout the life of the programme, to ensure the consistency of the data over time and to enable you to accurately measure your progress.
Data analysis relates to how the data collected is then assessed, to determine trends and learn lessons. This includes putting the data into the logframe, determining whether the data shows the project is on track, and looking at possible ways to change if the data suggests it is not.

Beneficiary feedback mechanisms are methods through which the project stays accountable to the beneficiaries and listens to their views (with the aim of correcting the project course as and when necessary). A beneficiary feedback mechanism should include both women and men and should accurately reflect the community the project is serving.

A learning strategy details how the lessons learned through data collection and analysis, are then communicated - both within the project and externally. This may be using the UK Aid platforms, project/organisation websites or through established networks of practitioners.

After completing the OCA
Once you have completed the OCA using the online tool, please click “done” where you will be taken to a page providing scores calculated from the answers given. Please keep this page open until you have transferred the scores to the OCA Dashboard (see below).

Please note, the score page provides individual scores and an overall score. Disregard the overall score as this is automatically generated but has no bearing on the OCA itself.

You will now need to open the OCA Dashboard – located within Excel - to transfer the scores provided. This is available on the UK Aid Direct grant holder guidance page. Please follow the relevant link relating to your grant type and scroll down to “Organisational Capacity Assessment Tool (OCAT)” where you will find the downloadable template.

Completing the Dashboard

Please open the OCA Dashboard and select the sheet ‘Input Scores here OCA-1’. The next time you complete the assessment, you will open OCA-02, and so forth. By doing so, you will be able to visualise and track progress in capacity building over time and identify areas of capacity which require more attention.

The cells that require your input are highlighted in blue.
Against each of the areas of capacity, listed in column B, input the score provided on the ‘Score’ page of the OCA, provided at the bottom of each question.

Once these scores have been inputted into the OCA Dashboard, you can close the OCAT down.

Your dashboard should now look like this (though the numbers, traffic lights, and graphs will depend on your score):
Please save the OCA Dashboard and send the excel dashboard file, labelled with your grant reference number to your designated Performance and Risk Manager.

Understanding your score

Each question is scored 0-4 and amalgamated to provide percentage scores against each capacity area.

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Fledgling: we may expect this from a very new project, pre-contracting. Urgent attention is required to put the structures in place to improve this.</td>
</tr>
<tr>
<td>1</td>
<td>Emerging: we may expect this in the first six months of a project, as it is finding its feet. Attention is required to document these thoughts and ensure that these efforts lead to tangible results.</td>
</tr>
<tr>
<td>2</td>
<td>Establishing: As the systems, processes and strategies are created to ensure that the project runs effectively, the next step is to ensure that these strategies are well thought through, revising those which may not make sense. Towards the end of the first year and start of the second, we would hope to see this happening.</td>
</tr>
<tr>
<td>3</td>
<td>Consolidating: The number of documents produced during pre-contracting and the first year of the project, may seem like multiple disparate pieces of paper. During consolidation, efforts are made to integrate these systems, processes and strategies, to ensure that they lead to a cohesive set of tools that support the project.</td>
</tr>
<tr>
<td>4</td>
<td>Sustaining: The ways of working reflect best practice and are fully integrated into the project. As the team can see the usefulness of these capacity areas, they will champion them and continue to tweak as and when necessary. Tools developed for this project may spill over to other areas of the organisation and may be adopted for future programmes.</td>
</tr>
</tbody>
</table>

Traffic Lights

As scores are input the traffic lights change colour. These are not scientific, but designed to illustrate, briefly, the status of each capacity area. Red traffic lights will appear where there is low capacity, and require attention; yellow traffic lights will appear where capacity could be improved; and green traffic lights will appear where there is little to no cause for concern.
(note, even where the traffic light is green, there could still be room for improvement). This should help the team in identifying the specific areas that require attention, and those where success and/or progress can be celebrated.

**Graphs**

In the OCA Dashboard, there are several graphs to help illustrate areas that require attention, areas of strength, and overall progress.

Over time, the shape should grow, and become a more regular shaped pentagon. The graph is a useful way of seeing where capacity is most in need of strengthening. In this example, Financial Management capacity is particularly low. With this information, the team can look to see if it was one specific area within Financial Management (Budgeting, Value for Money, Procurement). Table 2- ‘Organisational Categories and Stages of Progress’ sets out the criteria for each stage (fledgling – consolidating” against each area of capacity. We recommend that you look at the criteria in the category to the right of your score for a tangible step on how to improve scores in this area.

The diagram above sets out the stages of progress against each capacity area. Over time, the bars should lengthen, reaching towards “Consolidating” and “Sustaining” in each capacity area by the end of the programme.
The final diagram will become useful once the second assessment has taken place, as it will illustrate progress in terms of overall capacity. The project should aim to have a sustained increase over the length of the project. This will be possible by using table 2 to methodically improve capacity from left to right, using the dashboard to identify and tackle areas of weakness.

Please do not be alarmed if at first, the figures are low, or if the traffic lights are red. This is to be expected, and, over the course of the project, will demonstrate how much progress you have made.

**Next Steps: Improving your score**

Now that the team know the areas that require attention, efforts can be focused to improve the score in these capacity areas.

**Annex 2** provides the criteria for each of the capacity stages and sets out the progressive steps to get to the next stage. It is up to the team to decide the best way of achieving these steps, how to prioritise and the timeframe.

We provide a range of useful tools and online learnings to assist capacity building across each area. Links and resources are available on the [UK Aid Direct website learning page](#), as well as on your respective [grant holder guidance page](#).

As the fund manager, we aggregate the capacity scores to identify key areas for capacity building, and design learning products accordingly. This will include online how-to
documents, case studies, and webinars. Your Performance and Risk Manager (PRM) is also available to assist and guide you on strengthening any areas.

The diagram below provides other methods through which the project can build capacity. Some of these will require the project to source funding, but other options are low to no cost, demonstrating that a project can build capacity, regardless of budget and size.