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Assessment of Organizational Capacity: A Case Study of Action
Professionals' Association for the People (APAP)

A Project Report Presented in Partial Fulfillment for the Requirement for the
Degree of Masters in Business Administration (MBA)

Prepared by: Yohannes Yimer

Submitted to: Professor G.K. Murthy

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Assessment of Organizational Capacity: A Case Study on Action
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By: Yohannes Yimer

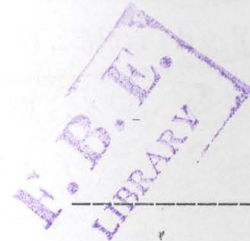
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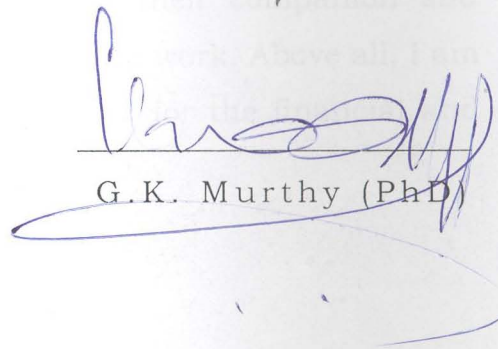
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Statement of Approval

This is to certify that Ato Yohannes Yimer has completed a research paper entitled "Assessment of Organizational Capacity: A case study on Action Professionals' Association for the People" under my guidance. I also approve that his work is appropriate enough to be submitted in partial fulfillment for the requirement of the degree in Masters in Business Administration.



G.K. Murthy (PhD)

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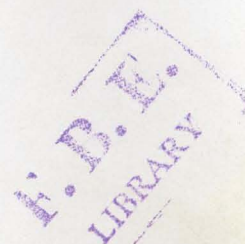
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Acronyms

APAP	Action Professionals' Association for the People
CIDA	Canadian International Development Agency
DOSA	Discussion-Oriented Organizational Self-Assessment
GMI	Global Mapping International
NGIs	Non-Governmental Institutions
NGOs	Non Governmental Organizations
OCA	Organizational Capacity Assessment
SNNPRs	Southern Nation, Nationalities People and Regional
States	
UNDP	United Nations Development Program
VPP	Venture Philanthropy Partners

Abstract

The purpose of this study is mainly to assess the organizational capacity of Action Professional's Association for the People (APAP); to identify its strengths and weaknesses; and recommend appropriate intervention to address the gaps identified through the assessment by the researcher. This is a case study made at APAP. In order to gather the necessary information for the study, both primary and secondary data are used. The primary data, which is an in-depth structured interview, is conducted and secondary data are gathered from different documents of the organization. Limited fund soliciting mechanisms, lack of training need assessment of the board and staff, absence of a system to measure the congruence between culture and mission, absence of regular staff meetings, problem of budget underutilization, lack of relationship with the private sector, and absence of networking relationship with other NGOs are among the weakness areas identified by the study. And finally the recommendations include conducting training need assessment of the board and staff, establishing regular staff meetings, establishing networking relationship with other NGOs, devising a strategy to diversify the income base, and establishing relationship with the private sector.



CHAPTER ONE

Introduction

Up until the 1980s, the development community traditionally provided aid to non-governmental organizations (NGOs) in the form of programme and project funding, technical assistance, equipment, and training or study tours. The thinking at the time was that through these forms of assistance inputs, NGOs would be better positioned to meet the development needs of their constituents. During the 1980s, however, it was recognized that while NGOs were being empowered to implement development programmes, insufficient concern was being paid to strengthening their organizational capacity in order to positively impact their long-term sustainability. (William B., Radya E., and Robert M., 2001)

As NGOs are increasing in number and their important role in the provision of diversified social and welfare services, it is reasonable to ask about their capacity to do the job. Their organizational capacity is becoming more critical for them to perform the projects effectively and efficiently. Therefore, assessing these organizations capacity has a paramount importance to identify their weakness areas, which have a negative impact on their effectiveness using various dimension of capacity which can be assessed and developed.

Action Professionals' Association for People (APAP) is one of the local, non-profit, non-partisan membership NGO, which is engaged in the promotion and protection of the economic, social and cultural rights of the poor, women and children. The organization is currently pursuing the following three main programs based on the strategic planning developed for the years 2005-2007 G.C

- Human rights education and mobilization programme
- Research and publication programme
- Policy work, legislative advocacy and litigation programme

Under all these programs APAP is currently undertaking various projects in different regions of the country. To make this organization's Programs effective and ultimately meet its vision, assessment of its organizational capacity will have a paramount importance.

Various capacity assessment initiators introduced different frameworks and elements of organizational effectiveness which can be used as a basis for the assessment. But this study concentrated on Organizational Capacity Assessment (OCA) framework, which constitutes Governance, Management Practice, Human Resource, Financial Resource, External Relations, Service Delivery and Sustainability elements to identify the organizational strengths and weaknesses of APAP.

1.1 Problem Statement

Many non profit making organizations focus on creating new programs and keeping administrative costs low instead of assessing and building their organizational capacity necessary to achieve their aspirations effectively and efficiently. This is largely due to the sector's historic inattention to capacity assessment and building, which has not adequately supported by funders and has been of a secondary importance to managers trying to deliver programs and services to people who need them.¹

¹Venture Philanthropy Partners (VPP), (2001)

This historic negligence to nonprofit organization's capacity has been the case with most of the local, non-profit making organizations in Ethiopia like Action Professionals Association for the People (APAP). The reason for this, in addition to less effort exerted by managers of these organizations, can be operating with limited resources and their total reliance on external fund assistance which is, most of the time, inflexible and made for specific purpose imposed by the donors.

As it is noted in (Venture Philanthropy Partners, (2001), Effective Capacity Building in Nonprofit Organizations), both nonprofit managers and those that fund them must recognize that excellence in programmatic innovation and implementation are insufficient for nonprofits to achieve lasting results. Great programs need great organizations behind them.

APAP has been conducting different studies on various issues related to its programs and projects. But no study was conducted, to my knowledge, on its Organizational Capacity which in turn will help for the effectiveness and sustainability of the programs/projects of the organization. And this absence of a study on this area inspired me to do a research.

1.2 Objectives of the Study

The main objective of the study is to assess the organizational capacity of APAP to identify its strengths and weaknesses and recommend appropriate intervention to address these gaps identified by the study. Without appropriate capacity assessment and capacity development of organizations, the effectiveness and sustainability of the programs/projects designed and is going to be implemented may be

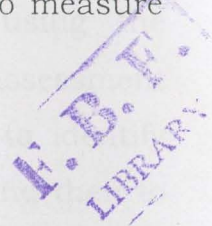
questionable. These factors could be achieved only when organizations try to fill the capacity gaps in the organization by assessing the existing capacity that the organization currently possesses. In light of this, therefore, the specific objectives of this paper are:

- To identify the strengths and weaknesses of the organization to effectively and efficiently implement its mission.
- To educate the staff members about the components and attributes of an effective organization.
- To measure performance and diagnose organizational need.
- To provide a basis on which to design improved systems and procedures.
- To provide a set of baseline data against which to measure future change.

1.3 Significance of the Study

For the overall objective of non-profit, non governmental organizations are to increase their impact on the development of the country through their mission, which is a reason for their existence. To make them achieve this goal, they have to have a capacity which is appropriate for the projects/programs they designed. The study has some significance in showing APAP and the donors of this organization the capacity gaps, which have a negative impact on the effectiveness, efficiency and sustainability of the organization. In addition to this, the study has a recommendation which will help APAP and /or its stakeholders undertake appropriate intervention.

It is a firm belief of the researcher that the results of organizational assessment will be a valuable input for those stakeholders who are inside



the organization- the board of directors, the senior management, staff members to support their efforts to achieve the vision of the organization. And for those stakeholders who are outside the organization- funders and other partner organizations use to support internal change efforts and to better understand the effects of their investments on the organization. Finally, it can serve as springboard for further, extensive studies.

1.4 Research Designing Method

This study is a case study made at Action Professional's Association for People (APAP) a local, non-profit making, non governmental organization. The Organizational Capacity of this NGO is assessed using the Organizational Capacity Assessment (OCA) which is an assessment framework developed by PACT². The objectives of OCA are to identify organizational strengths and weaknesses at a point in time and then to establish training, technical assistance or other appropriate interventions which will strengthen the overall functioning of the organization in a targeted and systematic process.

Data Collection Tools

In order to gather the necessary information for the study, the researcher used both primary and secondary data. In regarding to the primary data

² Pact is a Networked global organization that builds the capacity of local leaders and organizations to meet pressing social needs in dozen of countries around the world. Pact also enhances the capacity of individuals, organizations, networks and communities to deliver services and increase learning.

an in-depth structured interview is prepared and conducted with board members, the management team, the staff (all program and non-program staff). In the process of the research, a total of 15 people are interviewed. i.e. 3 Board members, 1 Executive Director, 1 Finance and Administration Head, and other 10 program and supporting staff have been interviewed.

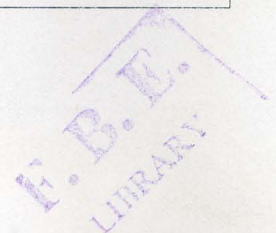
Secondary data are gathered from different documents such as memorandum of association, strategic and annual implementation plans, written administrative and financial manuals, financial and activity reports, board and staff meeting minutes, project proposals, organizational structures and all other relevant documents of the organization are used in this study. Moreover, observation is also used to supplement the data gathered using the above data collection tools.

Data Evaluation Techniques

In order to evaluate the capacity of APAP the following seven organizational effectiveness elements which are identified by OCA framework is used to compare with the existing capacity of the organization.

OCA identifies the characteristic criteria or indicators of performance for each of the following components of organizational effectiveness as follows:

The elements of Organizational Effectiveness	
Governance 1. Board 2. Mission/Goal 3. Stakeholders	The provision of leadership and direction to an organization.



<ul style="list-style-type: none"> 4. Leadership 5. Legal status 	
<p>Management practices</p> <ul style="list-style-type: none"> 1. Organizational structure and culture 2. Information systems 3. Administrative procedures 4. Personnel 5. Planning 6. Program development 7. Program reporting 8. Risk management 	<p>The mechanisms intended to coordinate the activities and facilitate processes within an organization.</p>
<p>Human resources</p> <ul style="list-style-type: none"> 1. Human resource development 2. Staff roles 3. Work organization 4. Diversity issues 5. Human resource management 	<p>Management, staff, members, volunteers, communities, and board members who have the skills, motivation and opportunity to contribute to an organization.</p>
<p>Financial resources</p> <ul style="list-style-type: none"> 1. Accounting 2. Budgeting 3. Financial/stock taking controls 4. Financial reporting 5. Diversification of income base 	<p>The resources required to purchase goods and services needed to conduct an organization's affairs, record and account for financial transactions and monitor and report on its financial status. It involves adequate resources and necessary cash flow, a diverse resource base and long-term plans for meeting resource needs.</p>
<p>Service Delivery</p> <ul style="list-style-type: none"> 1. Sectoral expertise 	<p>The programs and services carried out by NGOs that are appropriate,</p>

2. Assessment 4. Marketing & awareness building	cost-effective and of high quality.
External Relations 1. Stakeholder relations 2. Inter -NGO collaboration 3. Funder collaboration 4. Government collaboration 5. Public relations 6. Local resources 7. Media	Interaction between an organization and other development partners in the context in which it carries out its activities, which ensure that it is noting and responding appropriately to the social, political, ecological, economic and other forces and events around it.
Sustainability 1. Program benefit sustainability 2. Organizational sustainability 3. Financial sustainability 4. Resource vase sustainability	The long-term continuation of an organization, program or project. Identifies and measures the extent to which local partners of an NGO will continue to pursue and support the objectives after a project is over and involves the continuation of programs, institutions and funding.

Using the above parameters the researcher describes the existing capacity of the organization and identifies strengths and weaknesses areas which need the attention of the organization.

1.5 Scope and Limitation of the Study

The study is confined to the assessment of organizational capacity of APAP using elements of organizational effectiveness such as Governance, Management Practice, Human Resource, Financial Resource, Service Delivery, External Relations and Sustainability. And it will involve board members, senior management and non-management staff. Time and

resource are the major limitations that hindered the researcher from conducting an extensive study in the area. In addition, lack of published materials and locally conducted related studies in the area are among the limitations faced by the researcher.

1.6 Organization of the Paper

This paper has five chapters. The first chapter contains the introduction-statement of the problem, objective statement, significance of the study, scope of the study and the methodology parts. And the second chapter is devoted to literature exploration while the third chapter is meant for the organizational background of APAP- short history, organizational objectives, staffing level, target areas of the organization and intervention strategies. The fourth chapter is for the actual capacity assessment of the organization and it contains two parts: the first part describes the actual capacity of the organization and the second part is devoted to the breakdown of the findings in to the strength and weaknesses of the NGO. The fifth chapter, which is the conclusions and recommendations part, states the next steps that should be taken by the organization.

CHAPTER TWO

Literature Review

2.1 What is Organizational Capacity?

On the surface, the concept of organizational capacity is plain enough. It is generally understood that an organization's capacity is its ability to influence its life and progress toward desired results. Beyond that organizational capacity is difficult to define...The reason for this is that organizations are multi-dimensional. They are influenced by many variables both inside and outside of the organization. Internal variables include work structures, decision-making processes, information systems, reward systems, and human resource management practices, to name a few. External variables include societal needs, politics, religious climate, local, national, and international laws, market trends, donors interest, other organizations that vie for the same donors, international, national, and regional economies, exchange rates, tax policies, and so on. Definitions of organizational capacity tend to get complex because organizations are complex. (Daniel R. 2000)

So what is capacity and what are the elements constituting organization's capacity?

According to the Technical Advisory paper by the United Nation Development Program (UNDP), (1994) capacity is defined as:

"The ability of individuals and organizational units to perform functions effectively, efficiently and sustainably". This definition implies that capacity is not a passive state but part of a continuing process and that human resources are central to capacity development and the overall

context within which the organizations undertake their functions are also key consideration in capacity development.

According to Deborah L. (2003) "Capacity" refers to an organization's ability to achieve its mission effectively and to sustain itself over the long term. Capacity also refers to the skills and capabilities of individuals.

Jessica E, Sally C. and Jodi R. (2004), defined "capacity" as "it refers to how the organization or program operates, the structure in place, and the operating process that dictate employee action". And it is one of the dimensions for effectiveness of the any organization. Peter E. (2002) defined Capacity as a set of attributes that help or enable an organization to fulfill its mission. The attributes that any particular organization possesses constitute the organization's capacity profile.

Capacity includes capabilities, knowledge, and resources that a nonprofit needs in order to fulfill its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results.³

From the above definitions by different authors, capacity is the ability of an organization, individual or a system to achieve some objective efficiently, effectively and sustainably. And this ability can be measured and developed for better through out the life of the organization.

³ Christine W. L, William P. R., and Allen G., High Performance Nonprofit Organizations: Managing Upstream for Greater Impact (New York: Wiley, 1998). In excerpt from the book (Paul C., & Carol L. Strengthening Nonprofit Performance: A Funder Guide to Capacity building, Fieldstone Alliance, 2001)

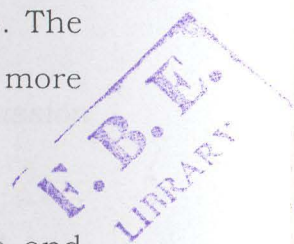
2.1 Organizational Capacity Assessment

The technical advisory paper by the United Nation Development Program (UNDP),(1994) define capacity assessment which is a footstep for identifying and building capacity gaps from various dimension of any organization as:

".....a structured and analytical process whereby the various dimension of capacity are assessed within the broader systems context, as well as evaluated for specific entities and individuals within the systems." Capacity assessment is usually undertaken before implementing projects/programs of the organization which is used to identify the capacity gaps exist in the organization. In addition when explaining about capacity assessment at different level it says that assessments are particularly important for identifying and measuring capacity gaps. The gaps, usually expressed as a weakness, may apply to one or more dimensions.

According to William B., Radya E. and Robert M. (1998) program and Projects require competent organizations to transform labor, land, resources and technology into ongoing improvements in people's lives. Investment in organizations capacity enables development in other areas. In addition they believe that capacity assessment will be helpful to identify current organizational strengths and weaknesses to establish a plan for improvement that includes mechanisms to measure change when implementing project and programs.

Capacity measured by a set of organizational attributes that get such characteristics as institutionalization, competence adaptability and durability, is assumed to bear on the ability of an organization to accomplish its mission effectively.established rules and procedures, modes of communication and planning are all indicators of



institutionalization and institutionalization is an indicator of capacity. Peter E. (2002).

Universalia's experience in the field in the 1980s showed that it was possible to successfully apply assessment methods in order to identify the strengths and weaknesses of an organization's structure, processes and systems⁴ (Lusthus, C. 1995).

2.2 Organizational Capacity, Capacity Building and Organizational Effectiveness

According to Deborah Linnell (2003) Capacity building, capacity itself, and organizational effectiveness are all related, but they are not the same.

“Capacity” refers to an organization’s ability to achieve its mission effectively and to sustain itself over the long term.

“Capacity building” refers to activities that improve an organization’s ability to achieve its mission... or a person’s ability to define and realize his/her goals or to do his/her job more effectively. For organizations, capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), program development and implementation,

⁴ Universalia is a management group which developed an evaluation process to assess the Non-Governmental Organizations (NGOs) and Non-Governmental Institutions (NGIs) having funding relationships with Canadian International Development Agency (CIDA)

fundraising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning, planning, etc.

“Organizational effectiveness” *relates to the capacity of an organization to sustain the people, strategies, learning, infrastructure and resources it needs to continue to achieve its mission. It is a long-term outcome that some capacity building strategies may affect.... There are many definitions and characterizations of effectiveness, taking into consideration elements such as organizational structure, culture, leadership, governance, strategy, human resources, etc.*

The relationship between capacity and organizational performance may be illustrated by analogy with the motor car. We are careful to maintain the car's engine, chassis, brakes, tyres, etc. – its capacity – because we value the safe and reliable transportation – the performance – that it provides. (Europe Aid: 2005). It means that an organization's capacity depends on factors in its “enabling environment”. Lack of fuel, bad roads and poor maintenance quickly affects a car's performance and may eventually destroy its capacity to deliver transportation at all.

To show the linkage between capacity and organizational effectiveness, Peter E. (2002) stated as effective organizations tend both to have a broad array of capacity attributes and use or mobilize that capacity to fulfill their organization's mission.

Performance and capacity are interrelated concepts. Organizational performance arises from the use of capacity. Assessing performance also leads us to areas where capacity needs building. (Lusthus, C., 1995) Because performance is relative to an organization's basic capacity, the

analysis of capacity sets the stage for understanding organizational performance.

But to do so it is not as such easy to evaluate the existing capacity of the organization and identify the strength and weaknesses of the organization especially for those of the nonprofit sector. As noted by Paul C. and Peter Y. (2002) evaluating capacity can be difficult, it is hard to develop measurement for assessing organizational effectiveness and management assistance success to identify capacity gaps. It is especially difficult to do so for non profit organizations since, unlike for profit companies, there is no financial bottom line to appraise.

2.3 Frameworks to Assess an Organization's Capacity

There are many frameworks constituting various elements of organizational effectiveness developed by different groups to assess the capacity of non-profit organizations. A framework developed by Institute of Development Research Center for viewing organizational capacity entails six main, interrelated areas that underlie an institution's performance: strategic leadership, human resources, other core resources, program management, process management, and inter-institutional linkages. Each of these areas contains various components which range in importance among institutions. (Lusthaus C. 1995).

According to Rosabeth M. and Derick B (1981) the most interesting question is not how to measure effectiveness or productivity but what to measure, how techniques chosen and how they are linked to the organizations structure, functioning and environmental relations

In the tool for Assessing Startup Organizations, La Piana Associates Inc., (2003) developed with an intention to assess the startup nonprofit organization's strengths and weaknesses, it is stated that to succeed in advancing their missions, nonprofits should have these elements in place: a Healthy Governance Function; a Competent Executive Director; a Sound Financial Management System; a Workable, Legal, Human Resource Policy and Practices; a Successful Fund Development Strategy, and a Clear, Consistent Message.

And another framework which is Organizational Capacity Assessment (OCA), developed by William B., Radya E., and Robert M. of Pact⁵. And this tool has been used extensively in South Africa and Angola with a variety of local NGOs. And according to this framework there are seven elements of organizational effectiveness which can be used to assess the capacity of organizations. These elements are Governance, Management practice, Human Resource, Financial Resource, Service Delivery, External Relations and Sustainability. These criteria are going to be adopted for assessing the organizational capacity in this study.

2.4 Element of the Criteria to Measure Organizational Effectiveness

The various frameworks for measuring organizational effectiveness can be helpful in defining indicators for the success of organizational capacity assessment. The seven elements, criteria or indicators which serve as a critical role in an organization's overall effectiveness identified by OCA will be explained briefly below.

⁵ Pact, Supra note 2, P. 5

Governance

Governance refers to the leadership and direction of an NGO. Leadership involves articulating and maintaining a vision and mission for the NGO which is shared by the board of directors/trustees or other oversight bodies. The board provides direction, maintains independent oversight of the management, and ensures that effective strategic planning takes place. The board can help top identify and procure additional resources for activities, carry out public relations, and lobby government for effective policy development or reform. It can bring additional professional and technical expertise to an NGO by inviting legal, financial, marketing and other technical specialists to join it. Effective leadership fosters the involvement and participation of NGO members, staff and other is facilitated when NGO members and staff and others stakeholders in all aspects of organizational work together with management and the board to articulate a shared vision of the future, to identify the mission by which they will attain that vision, and to determine realistic and clear objectives. (William B, Radya E and Robert M, 2001)

How an organization makes decisions is a critical issue in its effectiveness. A strong board and governance structure can help an organization's weather, critical programs, staffing and funding crises. On the other hand, many organizations with weak ineffective boards fail to remain effective over the long run, regardless of how strong their programs, how healthy their funding base, or how skilled their staff....Responsible governance by the board and effective day-to-day

management by the staff are equally important to organizational effectiveness.⁶

Management practices

'Management practices' refer to the mechanisms used to co-ordinate activities and facilitate processes within the organization. These practices include organizational structure and culture, planning, personnel, programme development, administrative procedures, risk management, information systems, and programme reporting. (William B, Radya E and Robert M, 2001)

Management capacity may be composed of the following management practices and systems that seem most relevant for nonprofit organizations: a formal mission statement that articulates the organization's reason for being, a strategic plan lays out a coherent plan of activities to be undertaken in the fulfillment of that mission, an independent financial audit is an indicator of fiscal management, the ability to report fiscal information in a reliable and consistent manner with reference to human resource systems and processes. (Jessica E, Sally C. and Jodi R., 2004)

Effective planning requires effective monitoring, evaluation and reporting systems, the outcomes of previous planning, the identification and assessment of resource availability and an understanding of the contextual factors that impact on the NGO. Staff and stakeholder

⁶ Philbin A. and Makush S., A framework for organizational Development: The Why, What and How of Organizational Development Work. Perspectives from participants in the Mary Reynolds Babcock Foundation's Organizational Development Program (1995-1999)

involvement enhances planning by benefiting from their insight and helping to ensure their commitment. Programme or project plans are best implemented when supported by a management plan that identifies requirements for technical assistance; financial, logistical and human resource needs; and budgets and schedules for delivery. Other operating mechanisms which need to be in place are administration of offices and office services records, cash, equipment and materials; and personnel information. Organizational culture reflects how those who work to achieve its mission perceive, think, feel about and respond to situations affecting the NGO's purpose, programme and operations. (William B, Radya E and Robert M, 2001)

Human Resource

'Human resources' refer to all the people connected in any way with the work of the NGO. Among these are management, staff, members, communities, funders and board members. (William B, Radya E and Robert M, 1998) Human-resource management is responsible for planning; staffing; human-resource development; assessments and rewards; and maintaining effective human-resource relations. (Charles L., Marie-Hélène A., Gary A., and Fred C., 1999)

People are often the most valuable resource a nonprofit organization has. How they are developed and managed is critical to their productivity and to the organization's success.....Effective organizations develop staffs, boards and volunteers that embrace and support the organization's vision, mission and values.⁷

In a mature NGO, job descriptions and task assignments will be updated to match changing plans, priorities and conditions. Work will be

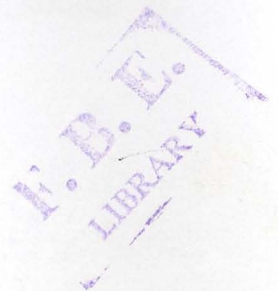
⁷ Philbin A. and Makush S., Supra note 6, p. 18

allocated to ensure co-ordination, communication and smooth work flow. Staff and communities will be asked to perform tasks that fit their skills and expertise. Opportunities to upgrade skills or develop new ones will be provided as these are needed to do the work of the NGO.NGOs must offer a diversity of incentives to reward or sanction performance and they should generally be competitive with the open job market.Staff should be able to use all their skills and experience, it they are to contribute to the organization in a meaningful way and find satisfaction in their work. They should be encouraged to take initiatives to improve the ways in which their work is done. (William B, Radya E and Robert M, 2001)

In effective organizations the physical and spiritual expressions of organizational culture are in alignment with the organization's core values..... To change organizational culture board, board and staff members must recognize the current culture, analyze the consistency between the organization's values and its culture, then take steps to change the culture. ⁸

Organizational culture grows out of the shared history, experience, tradition, language and values of the members. It is created by orienting and training staff to these shared patterns of thought and behavior, or it is cultivated by recruiting staff who share similar values. A common organizational culture contributes meaning and stability to the organization and ensures high performance from the staff. (William B, Radya E and Robert M, 2001)

⁸ Id, pp. 22-23.



Financial Resources

An organization's achievements depend, to some extent, on the resources it has available and how these are managed and applied. A viable NGO will initiate systems and procedures to budget regularly to meet financial needs and obligations, to record these financial transactions, and to monitor and report on its financial status.....Financial systems and procedures should be integrated with the strategic and implementation plans of an NGO, they must meet internal requirements as well as those of funders and other partners. By producing reports and other information in the form and frequency requested by funders and by submitting regularly to independent audits, an NGO will demonstrate that it meets these requirements. (William B, Radya E and Robert M, 2001)

Your organization's ability to manage its financial resources is critical. Good management of budgeting, financial record-keeping and financial reporting is essential to the overall functioning of your organization. Good financial management ensures that your Board of Directors and managers have the information they need to make decisions and allocate the organization's resources. It also inspires confidence in your funders. (Charles L., Marie-Hélène A., Gary A., and Fred C., 1999)

An NGO needs to have a sufficiently diverse resource base and longer-term plan for meeting its financial needs. There is a growing awareness among some NGOs of the necessity to identify multiple funders, to develop alternative resources within their own communities (such as payment-in-kind, fee-for-service), to form partnerships with the private sector, and to improve their ability to generate their own funds, all of which will allow them to continue activities when any one source of funding ends.

Fundraising and other revenue generation, cost sharing and other staff efficiencies are all undertaken to bolster an organization's fiscal health. (Jessica E, Sally C. and Jodi R., 2004)

As to the legal requirements expected from nonprofit organizations (William B, Radya E and Robert M, 1998) noted that the management of an NGO needs to ensure that it is in compliance with the legal, fiduciary, and labour regulations of its country in a cost-effective manner.

Service delivery

An important component for success and effectiveness of an NGO is quality service delivery - appropriate services provided in a cost-effective way that can be sustained. Sustainability involves the eventual assumption of service-delivery responsibilities by target communities themselves. (William B, Radya E and Robert M, 2001)

Discussion-Oriented Organizational Self-Assessment (DOSA) by Levinger and Evan B., (1997) noted that organizations scoring highly in this category would be characterized as having high levels of involvement by stakeholders (including those traditionally under-represented in development decision-making) in project design, implementation and assessment; strong monitoring and evaluation systems; highly sustainable development activities; and high quality technical support for field operations.

F. B. E.
LIBRARY

External Relations

An effective NGO recognizes and responds appropriately to the larger context in which it operates, including the social, political, ecological, economic and other forces which surround it. In order to build collaborative supportive relationships within the larger context, an NGO should become known within appropriate groups within a community; establish a track record of achievements; and widen its impact through partnerships with government, funder networks and other agencies and NGOs active in the same sectors and geographic areas. This can often be facilitated by building bridges with the private sector and the media. (William B, Radya E and Robert M, 2001)

Having regular contact with other institutions, organizations, and groups with strategic importance to your organization can result in a healthy exchange of approaches and resources (including knowledge and expertise). Your organization may be forming linkages or may already have linkages with potential collaborators and collegial bodies, potential funders, or key constituents. Linkages help your organization keep up with advances in pertinent fields and give your organization access to wide-ranging sources of up-to-date information within each area of your organization's work. (Charles L., Marie-Hélène A., Gary A., and Fred C., 1999)

A successful NGO should strengthen its relationship with government without compromising its integrity and independence. It should ensure that its activities relate to sectorial coalitions and other bodies or development agencies and the national NGO coalition, and it should respect NGO legislation. In addition, NGOs should participate in lobbying and advocacy networks to influence legislation, national and

regional planning for the benefit of the larger community. (William B, Radya E and Robert M, 2001)

Sustainability

According to William B, Radya E and Robert M, 2001 sustainability refers to the long-term continuation of an organization, programme or project. Sustainability results when adequate mechanisms are put in place to maintain the six components- governance, management practices, human resources, financial resources, service delivery and external relations. Programme or benefit sustainability occurs when partners and other stakeholders perceive that services are important and of value to them; when they feel a sense of ownership; when programme activities can continue because beneficiaries' behavior has changed; or when local institutions have been identified to provide continuing services and support, allowing the NGO to develop a phasing-out strategy.

Organizational sustainability is based on a shared vision of an NGO's mission and expertise, enabling it to interact with other partners in civil society. This is facilitated when an NGO is a member of, and shares information with, coalitions and networks, and when it participates fully and equally with other stakeholders in the development process. These activities help to strengthen the NGO sector as a whole and the viability of individual organizations. (William B, Radya E and Robert M, 2001)

CHAPTER THREE

Organizational Background

Action Professionals' Association for the People (APAP) was established in January 1993 as a Non-partisan membership, Nonprofit making, and Non-Governmental Organizations (NGOs) with the objective of providing legal aid service and accessing human rights and legal information to the poor, disadvantaged women and children. However, it should be noted that the objectives of APAP had been shaped through time according to the various strategic plans APAP undertaken.

Periodically, the changes that APAP has undergone could best be described in three phases constituting continuous learning processes. The first phase is the early period from 1993-1997. This period marks the early stage of APAP development in terms of expertise, geographical coverage and focus. The activities carried out were mainly providing legal aid to the needy women and children, organizing international and national seminars on legal aid, conducted series of paralegal and human rights training workshops targeting low level judicial structures, community leaders, youth and women, and carried out project targeting under aged girls forced into prostitution in some parts of Addis Ababa. However, these activities had been interrupted from August 1995 to October 1997 due to the cancellation of APAP's registration by the former Relief and Rehabilitation Commission on technical grounds.

After its formal registration (October 1997), which can be considered as second development phase from 1998-1999 APAP planned and implemented a two year operational plan. At this time APAP had expanded its operational area and program activities, in addition to Addis Ababa, to five regions; Amahara, Oromia Harar, Dire Dawa and Southern

Ethiopia. And the specific programs carried out by the organization were: regional civic education legal service and training, the community based civic education legal service and training, and the institutional capacity building programs.

The third phase of the organization's development which is post 2000 period, APAP had developed two strategic plans. The organization had developed the first strategic plan for the years, 2000-2004 taking corruption as its organizing theme. Under this plan, APAP carried out the following activities; human rights education and training, community level voluntary institution support, research, advocacy and publication programs. And the second strategic plan for three years, 2005-2007. APAP developed this plan focusing on social and economical rights such as the rights to food, housing, health and education. In this strategic plan, three basic programs have been developed.

These are:

- Human rights education and mobilization programme
- Research and publication programme
- Policy work, legislative advocacy and litigation programme

3.1 Mission, Vision and Institutional Objectives of APAP

Vision

The vision of APAP is to see a society in which the whole spectrum of human rights are respected for all Ethiopians in a holistic development process which protects the interests and rights of the urban and rural poor, women and other marginalized social groups and empowers them to be active, effective and informed participants in the development, decision making and legal process.

Mission

APAP endeavors for the full realization of social, economic and cultural rights of the poor, women, children and other marginalized groups who are experiencing poverty, injustice, insecurity and exclusion so that they would be informed, active and effective participants in the development and decision making process affecting their lives by closely working with them and in collaboration with other civil society institutions on laws, policies and practices that have negative impact on the realization of such rights.

Institutional Objective of APAP

- ❖ Enhancing the capability of right holders, the Ethiopian people, especially the poor, women and children to claim their rights from the duty bearer, the state.
- ❖ Play a role in building and strengthening the capacity of the duty bearer, the Ethiopian Government, to carry out its obligation in the fulfillment, promotion and protection of the rights to housing, health, education and food.
- ❖ Influencing policies and practices at local and national level affecting the full realization of the right to housing, health, education and food.
- ❖ Facilitating the engagements of other civil organizations in the realization of the rights to housing, health, education and food.

3.2 Intervention Strategies of APAP (2005-2007 G.C)

With a view to attaining its overall strategic goal of ensuring the rights to food, health, housing and education for the Ethiopian poor, women and children, APAP has devised the following specific strategies.

- ❖ **Education and Training**: aimed at raising the awareness of the general public, the poor, women, and children, ^{of youth} as well as relevant government bodies about economic, social and cultural rights in general and the right to housing, education, health and food in particular.
- ❖ **Research and Publication**: aimed at identifying the causes and bringing about attitudinal changes and thereby influence laws, policies and practices affecting the rights to housing, education, health and food.
- ❖ **Media Advocacy**: aimed at persistent and continuous use of media to sensitize and influence relevant stakeholders on the right to housing, education, health and food.
- ❖ **Lobbying**: aimed at influencing change in the laws, policies and practices, negatively affecting the right to housing, education, health and food.
- ❖ **Facilitating the Establishment of Community Level Legal Resource Centers**: aimed at ensuring sustainability and using community resource for the institutionalized protection and promotion of the rights, to housing, education, health and food for the most affected right holders.
- ❖ **Legal Aid and Public Litigation**: aimed at providing free legal services to the needy and representing communities in court of law using public interest litigation to bring about the maximum impact possible, including change in laws, policies and practices for the enforcement of the right to housing, education, health and food.

3.3 Functional Organizational Chart

According to the Statute of APAP, the organization has the following power structure.

- The General Assembly
- The Board of Directors
- Controller of Property and Accounts
- The Executive Director
- External Auditor

For details please see Annex 1, the structure which depicts the organizational structure of APAP.

3.4 Staffing Level of the Organization

The operational activities of APAP are carried out under the direction of the Executive Director, and composed of two major divisions; program staff and support staff. The staffing level of the organization is shown in Appendix II

3.5 Target Areas of APAP's Operation

The organization is currently undertaking its programs in six regions of the country. Due to limitations in human and material resources, APAP's activities will be limited to the areas where it has been operating for the last years:

- Oromiya,
- Amhara,

- Harari,
- Southern Nations Nationalities and Regional States
- Dire Dawa and
- Addis Ababa Administration

CHAPTER FOUR

Assessment of Organizational Capacity of APAP

The analysis and findings of this study will be presented below using the seven major components and other sub elements of organizational effectiveness.

4.1 Governance

Action Professionals' Association for the People (APAP) has a General Assembly which is the supreme policy making body of the NGO. The General Assembly is responsible for amending the by laws of APAP and deciding on all policy issues. It also elects the Board Members, approves the annual budget and programs, appoints external auditors, approves auditor reports, reviews and evaluates annual reports as well as plan of action and budgets. (Memorandum of Association, Article 12, 1997) Annual meetings are regularly held by the General Assembly and policies, programs and reports have been reviewed and decided upon. As per the interview conducted and the revision of the memorandum of association, the researcher understood that the General Assembly has been providing overall policy direction and oversight.

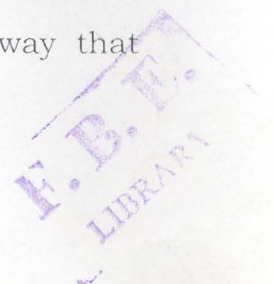
Board

APAP has a Board with five members elected by the General Assembly. The committee is elected from the members of the General Assembly. The Board is responsible for preparation of the short and long term plan of the NGO, for preparing internal rules and regulations concerning the management, administration, financial and property administration and for the execution of the its programs. The committee is also responsible

for recruiting the Executive Director of APAP and terminating her/his employment, for calling General Assembly meetings, and for the overall supervision of the execution of APAP programs and financial management. (Memorandum of Association, Article 15, 1997). The board conducts meetings quarterly and contingent meetings when necessary. In addition, the issues discussed by the board are properly minuted. From the interview conducted the researcher understood that the board has committed members who work on voluntary basis and are willing to commit their time for regular and contingent meetings. But with regard to diversity, the composition of the board in terms of expertise, gender and sectoral representation is limited. There involvement in funding raising and public relations activities seen minimal. Moreover, the organization has never conducted training need assessment and skill development of the board which will help to them to execute their responsibility as a board.

Mission/Goal

The mission/goal of APAP is clearly stated in its strategic plans, operational plans and the in its by-laws (Memorandum of Association, 1997). As per the interview conducted with members of the organization, the researcher observed that the mission of APAP is well understood by the Board committee members, the Management and the Non-management staffs. The staffs have expressed their understanding and appreciation of what the organization aspires to become or achieve during the interview. The public information programs which have been broadcasted through national and regional radio stations should be strengthened and continued for it helps to disseminate information about the vision and in different areas of the organization's program to the community. The organization's strategies are designed in a way that



supports the mission and each strategy developed has clear objective statements and how they can be achieved. This is clearly shown in the strategic plan document. Implementation plans which are the breakdown of the strategic plan are developed first by different teams of the program staff under the supervision of the Executive Director. However, the involvement of supportive staff and other appropriate stakeholders in developing implementation plans seen minimal.

Legal Status

Action Professionals' Association for the People (APAP) was established in January 1993 and from August to October 1997 the activities of the organization were interrupted due to the cancellation of its registration by the former Relief and Rehabilitation Commission on technical grounds. But the NGO properly registered in October 1997 according to the relevant legislation (According to Civil Code of Ethiopia of 1960 Nos. 411 and 447 and the Association Registration Regulation, Legal Notice No. 321 of 1966) and this has enabled the association to secure fund and also helped them to have direct contact with funding community. In addition, APAP has been operating in compliance with reporting, taxation and other regulations of the government.

Stakeholders

APAP has currently working with different stakeholders. Among these Poor women and children are the direct beneficiaries of the organization. As indicated in the Vision and Mission statements, APAP works to change the lives of the marginalized sections of the society particularly the poor, women and children by employing different strategies.

Other stakeholders include those members of the society from different regions who have been able to participate directly in the training workshops and other awareness and educational programs regarding human rights. Those who have been participating directly in these human rights training and educational programs include the law enforcement officials and community level institutional leaders. Donors, educational institutions, traditional self-help institutions like Edirs, students of higher education, universities, associations and the government as a whole are stakeholders other than direct beneficiaries that the organization is able to identify during the interview.

Leadership

There is a clear division of responsibilities between the General Assembly and the Board in line with the bylaws of APAP. The board and senior management of the organization are operating according to their duties and responsibilities, which are clearly stated in the (Memorandum of Association, Art. 12-22, 1997) and are well aware of their respective roles and responsibilities. From the interview conducted with the board and management, the researcher understood that they are working closely in the overall management of the organization with more responsibilities given to the Executive Director in running the day-to-day activities (personnel and financial management, project implementation and follow up, reporting on activities, etc.). Leadership accessibility is relatively easy to the staff and the board members than other stakeholders as the non-management staffs expressed it during the interview.



4.2 Management Practices

Organization Structure

APAP has defined organizational structure with clear lines of authority and responsibility and this can be easily depicted from the organogram (See Appendix I). However, some of the positions are vacant for a long period and need to be filled by appropriate personnel (See Appendix II). From interview with the senior management of the organization, APAP is currently organizing its staff in a team and the leader of each team is responsible to the executive manager. In addition to this, a leader of one team can be a member of another team and vice versa. This strategy of APAP is commendable as it will help the management to implement team approach in the organization. But this is not what is depicted as an organization's structure which is currently operational (see Appendix I). In practice, the organization has an advisory committee to the executive director that is not depicted in the functional organizational chart and this committee has the responsibility of advising and at the same time under the supervision of the executive manager, which will have an impact on the independency of the committee.

The currently adapted culture is considered as supportive of the mission in the eyes of the management. However, there is no system in place to regularly measure the congruence between stated mission and operating culture. The management encourages mutual respect among the staff as it is also confirmed by the staff members during the conduct of study. The team approach strategy that the organization is trying to implement is believed by the management to be one of the mechanisms to ensure staff involvement in decision-making. But staff meetings which can be used as a system to involve staff members in the management decisions are not regularly held by the organization.

Information Systems

From the interview conducted with the management and the staff, it is identified that the organization has the system to collect, analyze and report data and information. And there is also an information technology professional to manage the information system used to process, disseminate, and solicit feedback of information. The presence of web site, the success in publishing and disseminating various street law materials, magazines, news letters, leaflets and posters to the general public, relevant government and civil society institutions, and the use of computers to process financial and non financial data can be considered as evidence for the existence of information system in the organization.

Administrative Procedures

Personnel and financial management regulations are available in written form and almost all the members of staff have adequate understanding of the rules. Currently APAP has both the operational and financial manuals. Except staff development policy the operational manual includes all other policies such as recruitment procedures, performance appraisal procedures, job description of all positions, promotion policies, health and safety policies and equality issue such as disability, gender, religion and race. The financial procedures have been revised progressively upon the approval of the board, even if the amended issues are not included in the financial policies and procedure manual.

Personnel Management

Personnel procedures are formalized as mentioned above. Positions have been advertised internally and externally using different media when there is a need to recruit additional staff. In addition, employment

practices have been formal and done by committee from different departments.

Planning

Programme related annual action plans and budgets are prepared by the program people in a team. The Administrative and Finance Manager of the organization prepare administrative plans and budgets. After being reviewed by the Executive Manager and the board, it will be submitted to the General Assembly. Members of the General Assembly discuss the action plan and budget and approve it for implementation in their annual and meetings. The researcher feels that that improvements need to be made of the planning process. It will be more appropriate if the program people and the supporting staff integrated in the planning process with some inputs of other stakeholders.

Program Development

Involvement of staff members in program design, implementation, monitoring and evaluation is limited to program staff and Administration and Finance head. Other supporting staff members and stakeholders involvement in the programme design is minimal. Program design incorporates monitoring, evaluation and reporting activities as it is also donors' requirement.

Program Reporting

The organization has the ability to produce appropriate reports based on donor requirement and to other stakeholders like the general assembly and the government. The reporting formats are also flexible according to the need of different stakeholders. The organization prepares news

letters, postures, and leaflets to disseminate information on its operations to all the stakeholders. In addition to these APAP has got its own web site which is used to address the information need of the general public about the mission, vision, programs, projects and track record of the organization.

Risk Management

The association has inventory list of fixed assets which are tagged and regularly counted. There are pre-numbered documents for the receipts and payments, annual inventory count, fixed assets register, and different formats. But internal auditing is not being practiced for the section is vacant. A registered external audit firm annually conducts financial audit. However, as it is expressed during the interview the annual audit does not include a review of management practices.

4.3 Human Resource

Human Resource Development

Currently, APAP has undertaking its operation using two major divisions; program and supporting staffs. In addition to these, the organization uses university students as volunteers to implement some of its projects. But it is not regular and not supported with volunteer policy which will help the organization to make significant benefit out of it. The composition of the staff and with their respective division and gender is presented in Appendix II.

Currently APAP has 23 staff members (9 female and 14 male) including the Executive Director. However, 33 staff members are required as shown in the operational manual of the organization (see Appendix II). There

are vacant positions that the organization needs to fill such as internal auditor, public relation officer, Administrative Assistant and additional project accountant to minimize the burden of the existing employees.

The organization has never done training needs assessment. Staff training is given to existing employees based on the availability of training that can support the daily operations of APAP and that are organized by other parties most of the time from donors. Thus, it is not based on capacity, needs and strategic objectives. Besides, the budget allocated by donors for the capacity building of the staff remains unallocated because staff training is not properly planned and not based on need assessment.

From the interview with the Finance and Administration Head who is also responsible for the human resource of the support staff of organization, APAP has been adopted a performance format used to assess performance of individual employees with performance criteria and expectations determined in a participatory manner. The support staff job appraisal has been conducted by the individual employee, and the Administration and Finance Head. The program support staff job appraisal is conducted by the executive manager and the employee. As it is confirmed by the staff members, job appraisals have been conducted by performance and in an equitable way. However, the involvement of the executive manager to appraise the programme staff will increase the work load and will not be as such effective because the executive manager will not have a full picture about each of the program employees.

Equality in relation to gender, ethnicity, disability and religion is clearly stipulated in the personnel policy. The practice of APAP also shows that

equality is maintained in the organization as the researcher understood during the interview.

Staff Roles

There is a clear division of tasks and responsibilities among the staff members. Each one of them is assigned according to their job descriptions. However, the existence of shortage of man-power forced the organization to assign some of the employees beyond their responsibility stated in their respective job descriptions. Especially the Executive Director, and Administrative and Finance Manager are overburdened for they are assigned too many other responsibilities beyond their job descriptions.

Work Organization

Staff meetings, which will help the organization to ensure the participation of the staff in management decision and to discuss about work plans, accomplishments and constraints faced in their day-to-day activity are not held regularly. As per the observation by the researcher during the conduct of the study, strong team spirit and teamwork is more prevalent in the organization. Moreover, the working environment, which is expressed by the employees as comfortable has to a certain extent encouraged the existing staff members to take initiative and be self motivated. Both formal and informal information sharing mechanisms exist in the organization. Information sharing mechanism such as notice board and modern information technology like Local Area Network (LAN) are utilized by the organization.

Diversity Issues

The composition of the board in terms of profession mix and gender is not well diversified in away that will have a great contribution to the major activities of the organization. All of the board members are from one profession. However, the composition of the staff is relatively better as to the issue of diversity in terms of ethnicity and ethnicity as the board, management and non-management staff members expressed it during the interview.

Human Resource Management

Job descriptions for each position are well designed and documented in the operational manual and personal files of every employee. Employees will be given a copy of job description at the time of placement as well as regularly updated based on the requirement of each program for each position. And except for few positions at senior staff level job descriptions are respected in the organization. The organization is currently pursuing programs such as education and mobilization program, research and publication program, and policy work, legislative advocacy and litigation programs. The existing staff expertise and capacity is also more or less congruent with the activities of the organization except the absence of personnel to the public relations and internal auditing. There is clear salary structure in the personnel manual. In addition to this organization is on the way to implement another salary structure which is believed to be competitive when compared with similar organization. Moreover, there is a benefit, health and safety policy, and grievance and conflict resolution procedures in the personnel manual, which is at the same time operational when necessary, as it is stated during the interview with the management and employees of the organization. The NGO also

conforms to standard tax and labor regulations and requirements of the government.

4.4 Financial Resources

APAP is currently dependent on external financial assistance for conducting its programs. The organization develops programs and invites donors to have their contribution to implement it. This is what we call consortium funding as it is put by the Administrative and Finance manager during the interview. The financial activities are performed only by one accountant with the help of Administrative and Finance Manager to do the financial recording, reporting and financial controls.

Accounting

The financial manual and reporting systems are in place and are functional. As it is expressed during the interview with the finance people, the procedures has been revised progressively upon the approval of the board, even if the amended issues are not included in the financial policies and procedure manual developed many years ago. Pre-numbered and printed cash receipt and payment vouchers, journals and other fixed asset records are in place in the organization. With regards to reporting, the organization regularly prepares and disseminates appropriate reports as per the requirement of funders and other stakeholders. As to the question which says do you have separate accounting units for each project funds? The finance people answered as follows. The organization is undertaking its programs by securing funds from different sources which they call it consortium funding and donors contribute for the same program the amount that they are willing and the accounting will accumulate data for the program and report to respective donors

accordingly. They don't have separate accounting units for each program/project funds.

Budgeting

Budgeting is conducted by the organization annually. A separate financial unit responsible for the preparation, management and implementation of the annual plan does not exist. However, these functions are undertaken by the administration and finance section, and the program staffs for the administrative and program plans and budgeting respectively. The involvement of the support staff other than the Administrative and Finance Manager, and other stakeholders in the budget preparation, management and implementation is minimal as the researcher understood from the interview with the finance, program and other staffs. In addition there is a big variance between the budgeted and the actual amount. These under utilization of allocated fund can be used as an indicator for the existence of a problem either in budgeting or implementation, which needs further investigation by the organization.

Financial/Stock Controls

From the interview with the finance people it is found that the organization has adequate stock control systems. The organization has procurement system which is found documented in the operational policies and procedures manual. When there is a request for materials and available budget procurement is conducted in either of three ways. The first type of purchase is carried out at the counter of supplier. The second one is conducted by the collection of at least three proforma invoices and approval of purchasing committee. The last one is through public bidding. The three types of procurement systems are applied based on the budget limit for each program. The organization more or

less uses the procurement system. But there are instances where the procedures are not respected because of conditions beyond the control of the organization. Internal auditing is not currently conducted even if the position is depicted in the operational structure of the organization. On the other hand the organization regularly undertakes external financial auditing by a registered audit firm annually.

Financial Reporting

From the interview with the finance people it is found that the organization has the ability and system to provide financial reports to the donors when they require. And the annual financial report prepared by a registered firm of auditors is reviewed and approved by the board and the general assembly respectively. It is also disseminated for most of the key stakeholders especially to the respective government offices as it is the requirement.

Diversification of income base

The organization is dependent on external sources of funding. It does not have cost recovery or income generation activities. In addition the income that the organization is collecting from its members is very insignificant and no effort has been made to increase it.

4.5 Service Delivery

Sectorial Expertise

The organization has relevant sectorial expertise in its major areas of intervention such as education and training, research and publication, media advocacy, and legal aid public interest litigation. Extensive assessment carried out aiming at gauging the awareness level and



identification of legal aid needs of targets, training needs at community level helped the organization to be able adapt programme and service delivery to the evolving needs of the stakeholders.

Assessment

Indicators for the achievement are identified for each programme objectives when the programs of the organization are designed. However, the involvement of stakeholders in identifying indicators seems minimal for the programs/projects are designed exclusively by the program people in the organization as it is mentioned during the interview.

Marketing and Awareness Building

The association's success in organizing successive annual national seminars on legal aid, international workshops has a positive contribution for its program marketing and awareness building efforts of the organization. This is also confirmed during the interview with the management of the organization.

4.6 External Relations

Stakeholder Relations

The organization is currently undertaking its activities in different regions of the country. These regions are:

- Oromiya
- Amhara
- Harari
- Southern Nations Nationalities People and Regional States (SNNPRs)

- DireDawa and
- Addis Ababa Administration.

APAP works hand in hand with Edirs (Traditional Self help Institutions) in regions listed above to promote its objectives. And the organization is strong in collaborating with different groups of the society such as law enforcement officials and community level institution leaders by giving them different types of trainings. The beneficiaries of the organizations are poor, women and children. And these people are participating in the organization's activities through different community leaders.

Inter-NGO Collaboration

The organization is currently striving to tackle problems single handedly. The collaboration with other local NGO's is minimal and needs the attention of the organization.

Funder Collaboration

The organization is working with five donors for its programs and with other three International NGOs for its currently active projects. But this is not enough when compared with the demand from the society for the service of the organization. So the association needs to devise a strategy to increase its donors.

Government Collaboration

As it is mentioned during the interview, the organization has secured the collaboration with the government. The efforts made at different times to influence decision makers in human right matters, the training workshops given to police, woreda level public prosecutors and judges,

comprehensive study on the draft penal and criminal procedures, and its contribution in the development arena is recognized by the government.

Public Relations

APAP has been engaged in sound public relations activities as it is mentioned by the management of the organization, even if the organization currently does not have public relation personnel to do it in a more effective way. Its mission/ goal has been clearly stated and communicated to the public by distributing tens of thousands of publications (street law materials, magazines, news letters, leaflets and posters) to the general public, relevant government and civil society institutions so that information will be available on its programs and activities. These efforts of the NGO need to be continued on a larger scale to ensure the fulfillment of its mission and the organization needs to recruit public relation personnel to handle the activities in a more effective and efficient way.

Local Resource

APAP has not established working relations with the private business sector for manpower, technical and material assistance like most other NGOs in the country. The researcher feels from the interview with the management and staff of the organization that relevant studies have to be carried out and appropriate strategies have to be developed in order to establish relations with private sector and other local sources of support in the future.

Media

APAP uses the media extensively to disseminate information and to carryout public education campaigns for human rights education. Disseminating human rights education for a larger number of audiences, especially the illiterate, through national and regional radio stations is the media strategy followed by the organization. The radio program undertaken to the people residing in and around the town of Dessie, in the Amhara region is one best example given by the management during the interview. And this extensive use of the media has made APAP well known by media personnel who occasionally request for the opinions of the NGO regarding human rights and legal issues.

4.7 Sustainability

Program Benefit Sustainability

As it is mentioned during the interview, the trainings given to law enforcement officials, community leaders, and establishing legal aid centers can be considered as the organization's plan for the continuation of its programs in short and long term in the society.

Organizational Sustainability

The organization has a clearly articulated vision which is shared among its stakeholders as mentioned by the members of the organization and tried to prove it during the interview with them. Loose and informal networking is evolving among voluntary and professionals association that are working with APAP. On the other hand the linkages established by the organization with international NGOs, educational institutions, civic organizations and government entities are the strong concern of the organization mentioned during the interview. However, the NGO has no

relationship with the private sector which can serve as a potential local resource base for the organization.

Financial Sustainability

APAP does not have fee for service or other income generating schemes to run its programs. The membership fee that the organization is currently collecting from its members is not significant to support its financial need of its programs. The organization is dependent on external financial assistance for its activities. The assistance and collaboration of private organizations and that of concerned government agencies is also of paramount importance for ensuring its financial sustainability and for the execution of all its programs. The organization needs to do a lot to strengthen its financial ability through devising different fund soliciting mechanisms.

Resource Sustainability

As can be understood from the interview conducted with different members of the organization, the researcher feels that the organization operating funds come from only one source which is from donors. Other local resource bases such as the private sector and fund raising programs are ignored. In addition the NGO is believed to be a membership organization but does not put any effort to increase the number of members, does not have a strategy to organize them and increase resource which can be voluntarily accessed.

Summary of the Strengths and Weaknesses of APAP

STRENGTHS	WEAKNESSES
<p data-bbox="396 454 636 483">A. Governance</p> <ul data-bbox="201 517 837 1581" style="list-style-type: none"> • Board is composed of committed members • Clearly articulated, understood and internalized and well documented vision and mission. • Legally recognized by responsible government offices. • Compliance with reporting, taxation and other regulations of the government. • General assembly and board conducts regular meetings. • Able to identify key stakeholders • The general assembly, board and senior management have clear understanding of their respective roles and responsibilities. • Participatory and accessible leadership style. 	<ul data-bbox="862 562 1409 1048" style="list-style-type: none"> • The board lacks fund raising strategies. • No board training need and skill development assessment trend in the organization • The composition of the board in terms of profession, gender and sectoral representation is limited.
<p data-bbox="310 1671 732 1700">B. Management Practices</p> <ul data-bbox="201 1733 837 1883" style="list-style-type: none"> • Organizational structure with clear lines of authority and responsibility • Annual implementation plans 	<ul data-bbox="862 1727 1409 1868" style="list-style-type: none"> • No regular measure of the congruence between culture and mission.

<p>available</p> <ul style="list-style-type: none"> • Clearly stated, transparent, and competitive selection criteria and recruitment process. • Clearly defined, communicated and well documented job description. • The existence of administrative manuals in the organization • Supportive organization culture to the mission • Flexible reporting formats • Strategies are aligned with mission/vision • Management encourages mutual respect among staff • Good use of information technology to support the activities of the organization. • Ability to prepare news letters, postures, and leaflets • Ability to produce reports timely with the desired quality • Team work is highly encouraged. 	<ul style="list-style-type: none"> • Less supporting staff involvement in when developing programs and implementation plans. • Absence of program and support staff integrated planning • Absence of management audit and operational audit.
<p style="text-align: center;">C. Human Resources</p> <ul style="list-style-type: none"> • Personnel manual exists and reflects equality. • Diversity exists in composition of the staff • Clear division of tasks and 	<ul style="list-style-type: none"> • Human Resource Development plan is not in place • Absence of staff training needs assessment. • No regular staff meetings

<p>responsibilities among the staff members</p> <ul style="list-style-type: none"> • Grievance and conflict resolution procedures exist. • Information is freely shared among all staff members. • Job appraisals are performance based and equitable • Job descriptions are documented and updated • Clearly established links exist between staff capacity and the NGO mission • Benefits policy is documented and implemented • Staffs are encouraged to take initiative and be self motivated. • Conforms to standard tax and labor regulations and requirements of the government. • Volunteer services are widely used. <p>Health and safety policy is in place</p>	<ul style="list-style-type: none"> • No volunteer policy in the organization.
<p style="text-align: center;">D. Financial Resources</p> <ul style="list-style-type: none"> • Financial procedures and reporting systems are in place • Procurement procedures exist. • Budgeting process is integrated into annual implementation plans • External audit is conducted on a regular basis. • Financial reports are prepared and 	<ul style="list-style-type: none"> • Dependent on external financial assistance for conducting its programs • Lacks financial units responsible for preparation, management and implementation of the annual budget. • Absence of sufficiently

<p>submitted to donors and other partners.</p>	<p>diversified resource base and long term plan for meeting its financial needs.</p> <ul style="list-style-type: none"> • Limited fund raising strategy. • Budget underutilization. • Internal auditing is not in place. • A cost recovery/income generation plan is not in place
E. Service Delivery	
<ul style="list-style-type: none"> • Existence of relevant sectoral expertise. <p>Existence of need assessment practice in the organization</p>	
F. External Relations	
<ul style="list-style-type: none"> • Credibility by stakeholders • Well experienced in advocacy. • Established relationship with policy makers. • Exchange resource with government 	<ul style="list-style-type: none"> • Lacks working relations with private business sector. • No strong collaboration with other national NGOs • Absence of networking and coalition with NGOs
<ul style="list-style-type: none"> • especially around courts. • Secured positive media attention • Secured positive image among stakeholders • Strong collaboration with elected local leaders, associations • Sound public relation activities. 	
G. Sustainability	
	<ul style="list-style-type: none"> • There is no phasing out strategy

<ul style="list-style-type: none"> • Shared vision in the society. • Established relationship with educational institutions and government entities. • Aware of legislation affecting the NGO sector. 	<ul style="list-style-type: none"> • Lacks ability to access diversified resources • Inadequate system to increase and organize members • Local resource base has not been identified and lack of local fund raising strategy.
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CHAPTER FIVE

Conclusion and Recommendations

5.1 Conclusion

Organizational Capacity Assessment aims to identify issues and collect information, which will help an organization to devise strategies to enhance its capacity and effectiveness.

After extensive assessment of the organizational capacity of APAP, the researcher taking the strengths and weaknesses in consideration has come up with the following conclusions.

- ❖ The Board is composed of members who are committed to the mission of the organization. However, their composition in terms of profession and gender is not well diversified. The organization needs to take this into consideration when electing board members.
- ❖ The organization has clearly articulated documented and shared vision and mission among the board, the senior management and the staff.
- ❖ The organization has never done training need assessment of the board, the management and non-management staff. Spontaneous training coming from donors are entertained by the board, which may or may not support the existing training need of employees.
- ❖ The personnel manual of the organization lacks human resource development plan.
- ❖ The organization does not have diversified source of fund. Moreover, there is no strategy developed to increase local resource base of the organization in the short and long run.

- ❖ The organization does not have established relationship with the private sector, which might be the source of additional resource to the organization. Therefore, the organization needs to devise a strategy to approach and collaborate with the private sector. Moreover, the organization is weak in mobilizing resources from the local sources using various means such as arranging fund raising events.
- ❖ The organization lacks collaboration and networking relationship with other NGOs.
- ❖ There is budget underutilization which will be an indicator for the existence of a problem either in the budgeting or implementation process that needs further investigation by the organization.
- ❖ The organization lacks written phasing out strategy in the long run for each programs
- ❖ Program planning and budgeting are not conducted in a coordinated manner between the program and support staff. There exists less involvement of support staff in program planning and budgeting. Only the Administration and Finance head is partially participating.
- ❖ APAP does not have a system to measure the congruence between the culture and mission of the organization
- ❖ Highly dependent on external financial assistant, which might put the financial sustainability of the organization in to question in the long run.

5.2 Recommendation

- ❖ The organization needs to take training need assessment of the board members to develop their skills, which will help them to increase their contribution when serving as a board
- ❖ The board member diversity in terms their expertise, and gender should be taken in to account at the time of appointment by the general assembly.
- ❖ To enhance organizational effectiveness the organization needs to have human resource development plan and provision of appropriate trainings based on training needs assessment. These will help the association to remain competitive in the labor market, retain experienced staff and attract qualified and talented staff from the market.
- ❖ Regular staff meetings are essential to discuss work plans, accomplishments and constraints and to facilitate information and experience sharing among the staff and provide them with opportunities to be involved in management decisions. .
- ❖ The organization should be able to have a system which will incorporate both the program and support staff in program design, planning and budgeting.
- ❖ The organization needs to have a networking relationship with other similar national Non Governmental Organizations which will help them increase their power in the NGO environment.
- ❖ The organization should devise a mechanism to increase its members and their financial and non financial contribution to the activities of the organization.
- ❖ Diversifying income bases is crucial activity for any organization to effectively, efficiently, adequately undertake its activities, ensuring the sustainability and achievement of the vision of the organization. APAP has limited and only external source to meet

its financial needs. The organization's effort to increase its income base is not sufficient as compared with the demand for their service. The organization is weak in mobilizing resources from the local sources using various means such as arranging fund raising events, organizing and increasing their members and establishing relationship with the private sectors. Therefore, their capacity and skills to solicit additional funding sources and diversify their income base should be strengthened.

- ❖ The organization should recruit staff for internal audit, Finance, public relation offices.

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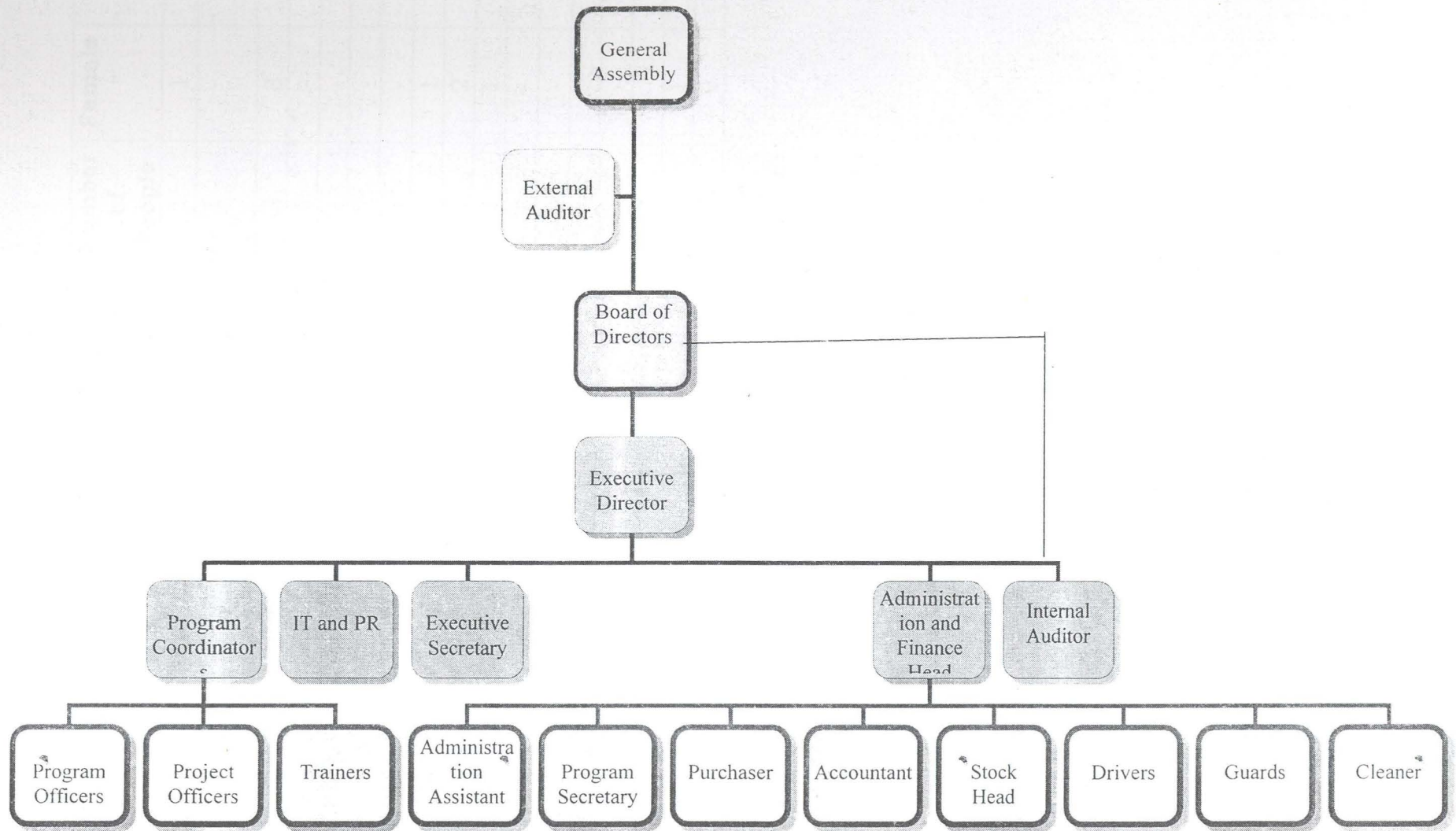
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Appendix I

Organizational Chart



APPENDIX II

The staffing Level of the Organization

Division	Operational Unit	Required No. of People	Number of People	Female	Male
	Executive Manager	1	1	1	-
Support	Administration and Finance Head	1	1	-	1
Program	Program Coordinators	3	3	3	
Program	Program Officers	3	1	-	1
Program	Project Officers	3	-	-	
Program	Trainers	3	2	-	2
Support	IT	1	1	-	1
Support	Executive Secretary	1	1	1	-
Support	Program Secretary	2	2	2	-
Support	Accountant	1	1	1	
Support	Procurement	1	1	-	1
Support	Stock Head	1	1	-	1
Support	Drivers	3	3	-	3
Support	Guards	4	4	-	4
Support	Administration Assistant	1			
Support	Cleaner	1	1	1	-
	Total Number	33	23	9	14

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Appendix III

These questions are prepared to conduct an interview with all members of the organization. I thank all the Interviewees in Advance for their cooperation.

GOVERNANCE

BOARD

1. Who oversees the management of your organization?
2. What is the composition of your Board (or other body)?
3. What are the roles/functions of the board?
4. How often does the board conduct its meeting? What were the major issues discussed in the last twelve months?
5. How do you rate the attendance of meetings by the board members (poor, good, satisfactory, very good?) Explain your answer.
6. Has there been any effort made to identify training needs of the board members?

MISSION

7. Does your organization have a mission statement?
8. What is the mission of the organization?
9. What goals has the organization set for itself?
10. Who defines the mission/goals/objectives of this organization?
11. Where do we find your mission/goals documented?
12. In your view, is the mission of the organization understood by all stakeholders?
13. Are your strategies aligned with your mission? Explain
14. How the mission/goals are reflected in the implementation plants of the organization?

Legal status

15. Does the organization have a legal status as a registered NGO?
16. Are there any benefits derived from registration?

Stakeholders

17. Whom do you regard as your key stakeholders?
18. How do the various stakeholders get involved in the organization?
19. Does the organization undertake stakeholder needs assessments?
20. If so, how are the results of these assessments used?

Leadership

21. Who constitutes top management in the organization and what are their roles and responsibilities?
22. How are these roles different from those of the board?

23. Has there been any effort to identify training needs of management in particular skills and knowledge necessary for the performance of its duties and responsibilities?
24. How does top management involve non management staff in setting direction and determining policies and procedures?
25. How would you rate the leadership style of senior management (participatory, not so participatory?)
26. Is the senior manager accessible to all stakeholders? (Staff, board, clients?)

MANAGEMENT PRACTICES

Organizational structure and culture

1. Do you have an organizational structure?
2. What management policies and guidelines do you have? Are they documented?
3. Are the policy manuals updated when necessary?
4. Do your management policies reflect equality of persons (gender, disability, youth etc)
5. Do you have any systems that you use to ensure that your organizational culture and mission are in harmony?

Information systems

6. What systems are in place to collect, analyze and report data and information?
7. Do you have trained personnel to manage the information system in the organization?
8. Are the systems existing used to process, disseminate and solicit feedback of information from stakeholders?
9. Is it advanced and accessible to all?

Planning

10. Who are Involved in Planning?
11. Do the Implementation plans reflect the strategic plan? How?
12. Resources are planned and allocated properly?

Personnel

13. Does the section criteria designed or derived from the management policy/admin manual/
14. Do you have selection/recruitment criteria for staff, If yes where it is documented?
15. Is the whole recruitment process clearly defined, transparent and competitive?

16. Do you have job descriptions for each position in the organization and are all the staff members placed according to job description?
17. Do you have a grievance handling system? And what are they?

Program Development

18. Do you have an annual/quarter implementation plan?
19. Are stakeholders and staff involved in programmed design, implementation, monitoring and evaluation/ explain how they are involved.
20. Does your programme design incorporated monitoring, evaluation and reporting?

Program Reporting

21. Does the organization publish /disseminate information on its operations? How? (Any evidence available?)
22. Does the organization have reporting formats?
23. Are the reporting formats flexible and responsive the stakeholder information requirements?

Risk Management

24. What mechanisms are in place to protect the organization against staff abuse of resources?
25. Do you keep an inventory of organizational assets and supplies if yes, how often is the inventory audited/checked regularly?
26. Does the annual external audit include a review of management practices?

HUMAN RESOURCES

Human Resources Development

1. Does the organization have a human resource development plan?
2. Does the organization make a training need assessment to enhance the staff capacity?
3. Does the organization provide training opportunities that can be utilized properly?
4. Does the organization have policy/criteria for staff appraisal?
5. The criteria used are they based on staff appraisal performance?
6. How does the management utilize the result of appraisal?
7. Does the staff participate in performance appraisal? If so, How?
8. Does the personnel policy reflect equality and equity?

Human Resource management

9. Does the organization have job descriptions for all positions if yes, are these communicated to the staff?
10. Does the management update job description as and when necessary?
11. Does the organization have a clear salary structure? Is it competitive compared to similar organizations?
12. Is there staff benefit scheme in the organization? Are these documented?
13. Does the NGO conform to the standard tax and labour regulations?
14. How is supervision of staff conducted in the organization? How is it done?
15. Does the organization have a safety and health policy?

Work organization

16. Are staff meetings held regularly? How often?
17. Do non-management staffs participate in management decision making process? How?
18. How team work is encouraged in the organization
19. How information is shared among all staff members?
20. How does the organization encourage the staff to take initiative and be self motivated?

Diversity Issues

21. How is the diversity of the organization's community reflected in the composition of staff and board?

FINANCIAL RESOURCES

Accounting

1. Do you have financial manuals or directives for recording and reporting of financial information? if yes are they adequate and complete?
2. Do you have separate project funds?
3. How do you capture the revenue and expenditure of separate project funds?
4. How many sources of Revenue do you currently have?
5. Do you have separate accounting units for each project funds?

Stock Control

6. How do you control your stock and what kind of formats and systems do you use in the stock control process?
7. How far is the system operational?
8. Does the organization have a system for procurement of goods and services if yes, how far is it operational?
9. Do you entertain exceptional cases whereby you by pass your procurement system?

10. Do you have internal audit section?

Budgeting

11. How often do you prepare and amend budget and who is responsible for preparation, management, and implementation of the annual budget?
12. Does the organization make annual financial projections/cash projections? How is this done?
13. Is the annual financial budget adhered to plan?
14. Who is in charge of budget control and how is it done?

Financial Reporting

15. What type and how often are financial reports does the organization prepare?
16. Have your funders ever complained about insufficient financial reporting?
17. Do you have external auditors to audit your accounts if yes, how often is conducted?
18. Who reviews the audited financial reports?
19. Is the financial audit report published?

Diversification of Income Base

20. What are the funding sources of the organization?
21. Does the organization have any means of raising its own income?
22. Does the organization charge for any of its services?
23. What strategy is in place for funding diversification?

SERVICE DELIVERY

Sectorial expertise

1. What is the organization well known for in terms of expertise?
2. How does the organization adapt to changing needs of stakeholders?

Assessment

3. How are indicators of achievement developed and who is involved?
4. Does the organization have indicators for each programme objective?

Marketing and Awareness Building

5. Does the organization have a marketing strategy?
6. How does the organization raise awareness of its activities among its stakeholders?
7. Is the expertise (competencies) of the organization based on the needs of the beneficiaries?

8. Is your organization conducting need assessments from time to time to identify and adapt to changing needs of stakeholders?
9. Are there relevant professionals to deliver the service?

EXTERNAL RELATIONS

Stakeholder Relations

1. Who are your key stakeholders?
2. How do they participate?

Inter-NGO Collaboration

3. How is the network communication with local and international organizations?
4. Has the organization recently developed any coalitions with other NGOs?
5. Does the organization engage in any advocacy activities with other organizations?

Government collaboration

6. Does the organization have contact with decision makers in government?
7. How does the organization engage policy makers of the Government?
8. To what extent does the organization have an opportunity to share resources and ideas with government?
9. Are the organization's activities and recommendations have been integrated in to government's development plans?

Funder collaboration:

10. Does the organization have diversified contacts within the funding community? If so with which funder?

Public relations

11. What type of information does the organization publish and disseminate to the general public?

Local resources

12. Does the organization have any relationship with the private sector? If yes, what kind of relationship?

Media

13. How has the organization used the media to disseminate information about itself?
14. How has the organization used the media to disseminate information about its achievements?

15. Has the media reported about the organization in the last one year?
Do you have evidence like news paper cuttings and tape records?
16. Has the media approached the organization for any relevant information in the past?

SUSTAINABILITY

Programme/Benefit sustainability

1. Has the organization developed system to continuation of its programmes into medium and long term in the community?
2. Does the organization have an exit strategy/phase-out strategy?

Organizational sustainability

3. Is the organization's vision shared among stakeholders?
4. Is the organization a member of any coalitions? Which ones?
5. Does the organization work in partnership with any international organizations, universities or research institutions or other groups?
6. Is there any legislation that affects NGO operations that you know of?
Explain.
7. How does the organization influence the NGO operating environment?

Financial sustainability

8. Does the organization access diversified sources of funding?
9. Does the organization have a fund-raising strategy?
10. Has the organization identified other opportunities for funding?
11. What do you see as the local potential source to increase your funding base?

Resource Base Sustainability

12. What are the existing sources of organization's financial resource?
13. What strategies does the NGO have to diversify its funding base?

Declaration

I Yohannes Yimer declare that this project paper entitled "Assessment of Organizational Capacity: A case study on Action Professionals' Association for the People (APAP)" is my own effort and study. I have conducted it independently except for the guidance and suggestions of the research supervisor. This study has not been submitted for any degree or diploma in this or any other university. It is offered here in partial fulfillment of the requirements for the degree of Masters in Business Administration.

Yohannes Yimer

