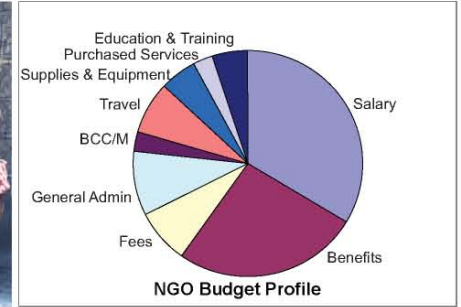
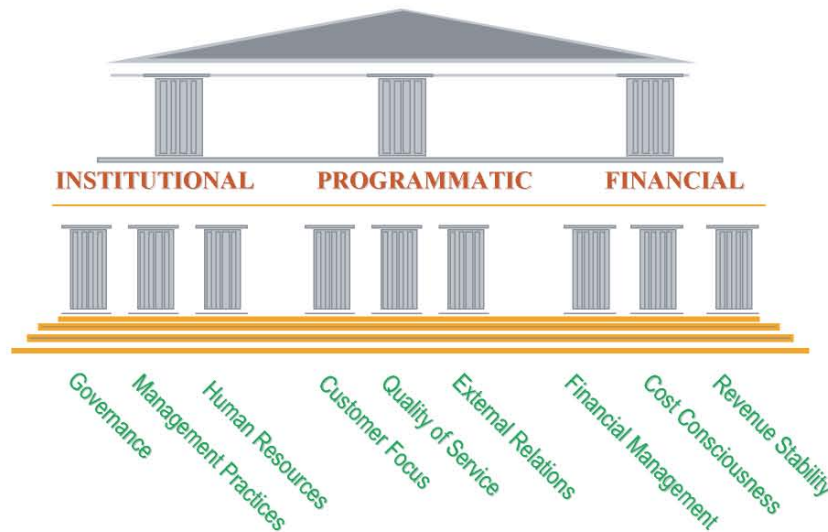


The 2005 MOCAT Assessment of NSDP NGOs



Three Pillars of Sustainability with Nine Component Areas



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The 2005 MOCAT Assessment of NSDP NGOs

Executive Summary

The NGO Service Delivery Program (NSDP) uses the Modified Organizational Capacity Assessment Tool (MOCAT) to gauge the development of project NGOs. A baseline external assessment was conducted in 2003 and follow-up self-assessments took place in both 2004 and 2005. Since 2003, scores have increased in all component areas and consequently in all three “pillars” of sustainability --institutional, programmatic and financial. Project NGOs use MOCAT as a planning tool, identifying areas of weakness and making necessary adjustments.

Between 2003 and 2005, the composite MOCAT score for project NGOs¹ increased from 1.75 to 2.21 --an increase of 26%. In 2003, two NGOs were rated as “nascent”, 22 were rated as “emerging”, and 6 were rated as “expanding”. None of the NGOs were rated “mature”. But by 2005, all the NGOs had developed sufficiently that none were classified as nascent, 5 NGOs were rated as emerging, and 25 NGOs rated as expanding. Still, in 2005 no NGOs were able to advance to the “mature” category.

In 2005 the NGOs scored highest in the programmatic pillar, especially in the areas of culture of quality and external relations but lowest in the institutional pillar, especially in governance and management practices. In the financial pillar, NGOs scored higher in the area of financial management, but lower on cost consciousness measures.

All project NGOs continue to improve, some more rapidly than others. The larger and more sophisticated NGOs with strong managements and a diverse client base are better positioned to make significant improvements in overall organizational and financial sustainability.

¹ Between 2003 and 2005, the number of NGOs in the project fluctuated. Some NGOs are no longer in the project, and 3 NGOs, PSTC, IMAGE and NISHKRITI, were (temporarily) suspended. During the period of their suspension they received no project TA and so for the purposes of comparing MOCAT scores these 3 NGOs are excluded from consideration.

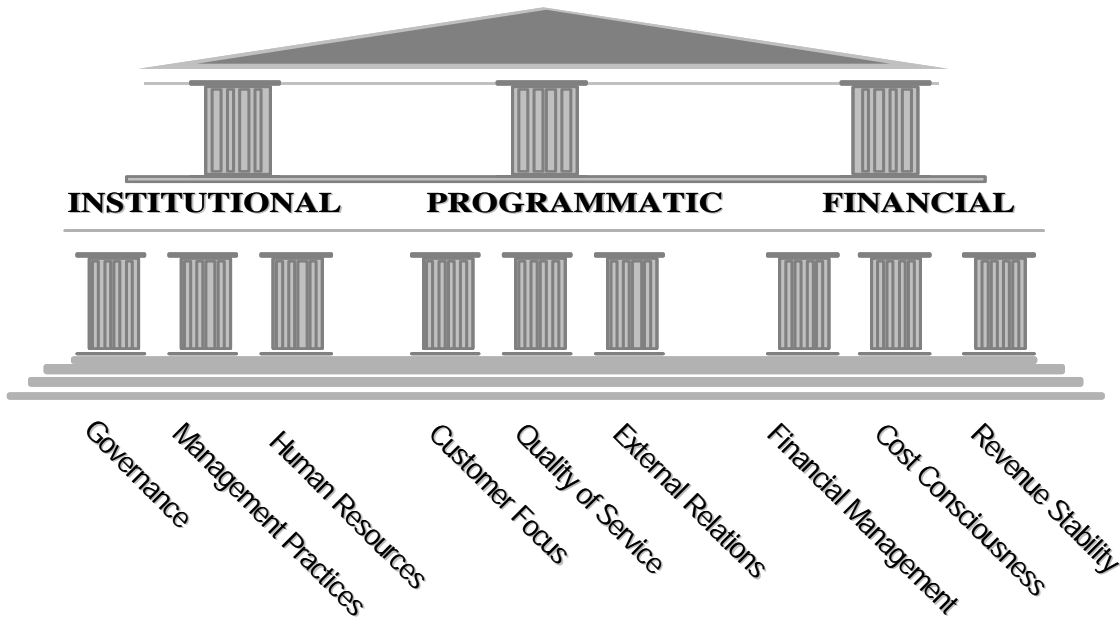


1. Background and Methodology

MOCAT results are used to assess each NGO's progress within each of the three "pillars" of sustainability: institutional, programmatic and financial sustainability (See Figure 1). These three MOCAT pillars include the following nine sub-components: governance, management practices, human resources, customer focus, culture of quality, external relations, financial management, cost consciousness, and revenue stability.

MOCAT helps measure NGOs' progress towards sustainability, and helps determine areas where targeted technical assistance is necessary. NSDP collected MOCAT data in each of the three years. An external baseline assessment was conducted in FY 2003, and follow up self-assessments were conducted by the NGOs themselves in FY 2004 and FY 2005. For 2005, NGOs completed a self-assessment, and scores were then validated by NSDP staff. Fourteen urban and 16 rural NGOs were assessed. The 2005 self-assessment results were subjected to an impartial score-validation process, and some adjustments were made. Results and trends from the 2005 MOCAT assessment are presented in this report.²

Figure 1: NSDP Model of NGO Sustainability



The following table provides detail on the four MOCAT categories of organizational development: nascent, emerging, expanding and mature:

² For more detail on the 2003 and 2004 MOCAT surveys see "Final Review of the NGO MOCAT Assessments: An Analysis of NSDP NGOs' Organizational Capacity and Sustainability", NSDP, November 15, 2004.

Stage	Description	MOCAT Score
Nascent	Earliest stages of organizational development. Major systems are rudimentary or nonexistent.	0-1
Emerging	The organization is developing capacity. Basic systems and structures are in place and functioning.	1-2
Expanding	The organization has a solid track record of achievement. Systems and processes are developed and functioning. The organization is responsive to stakeholders and connected to its constituency.	2-3
Mature	The organization is fully functioning and sustainable with a diversified revenue base, multiple partnership relationships and varied regional and/or national networks.	3-4

For FY 2004 and FY 2005, NGOs completed self-assessments. In FY 2005, scores were validated by NSDP.

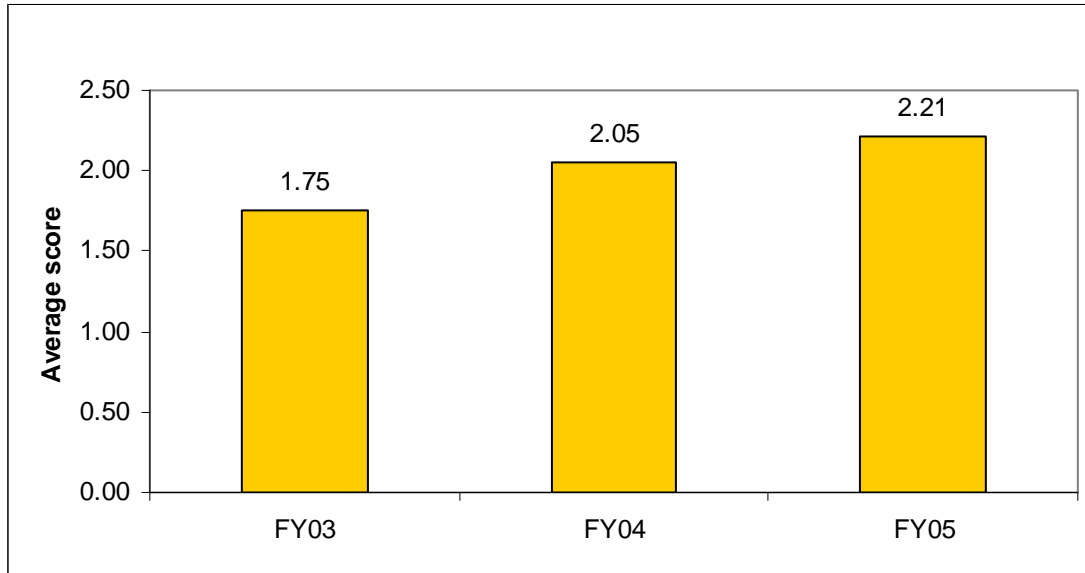
MOCAT gauges NGO capacity by three “pillars” of sustainability: institutional, programmatic and financial. Data from MOCAT surveys have been compiled to assess overall improvements since FY 2003, and to identify areas of strengths and weaknesses. The scores may be used to suggest areas where improvement has been achieved, or where technical assistance may be needed. (See annexes 1-3).

2. Results and Discussion

Between FY 2003 and FY 2005, the composite MOCAT score for all NGOs increased from 1.75 to 2.21 (see Figure 3), an overall increase of 26%. Collectively, NSDP NGOs progressed from the “emerging” to the “expanding” category.

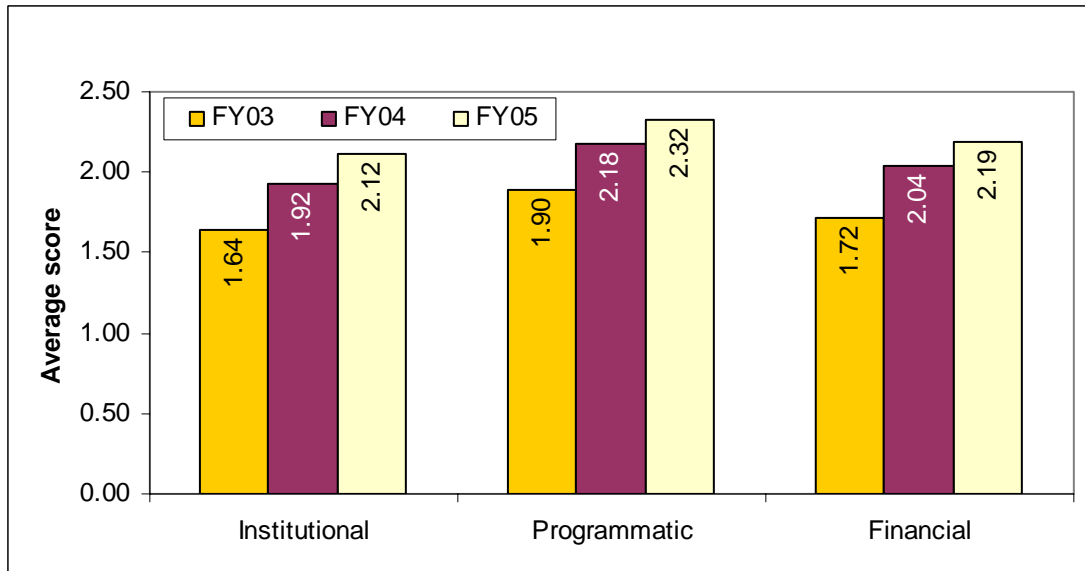


Figure 3: Cumulative MOCAT Scores: FY 2003 – FY 2005



Progress was made within each of the three MOCAT “pillars” (See Figure 4).

Figure 4: MOCAT Scores by Pillar, FY 2003 – FY 2005

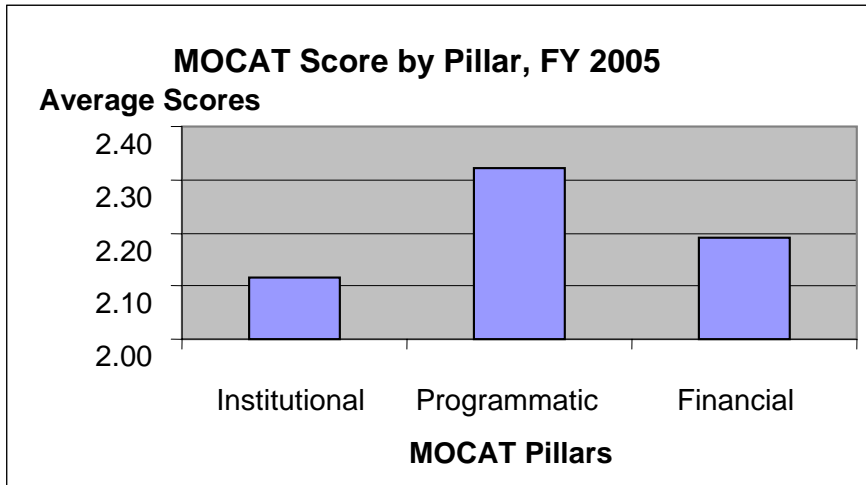


In FY 2005, NGOs were strongest in the programmatic pillar but weaker in the institutional and financial capacity pillars (See Figure 5). NSDP NGOs tend to score well in the programmatic pillar. They have a long history of implementing donor-funded health and development programs and are used to engaging donors, government and communities, and in addressing programmatic issues related to the quality of health services. NGOs tend to score lower in the institutional and financial capacity pillars



because they are less well developed with respect to governance, operations management, financial management, and revenue diversification.

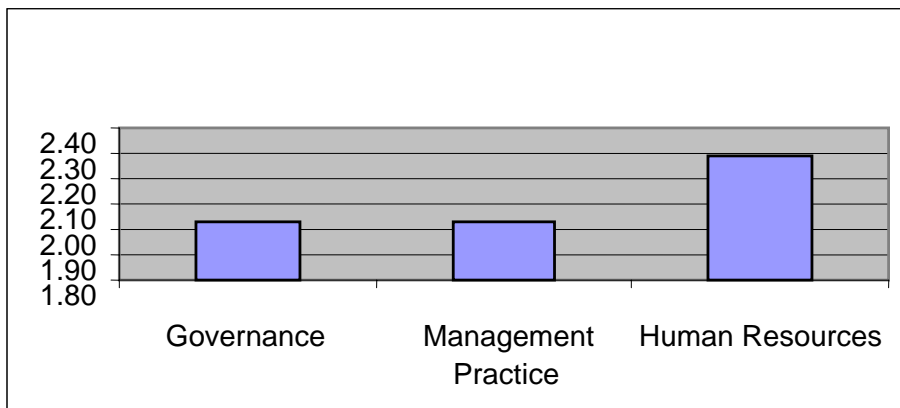
Figure 5: MOCAT Scores by Pillars, FY 2005



a) Institutional Pillar

Institutionally, NGOs were rated highest in their human resources practices and weakest in their governance and management practices (See Figure 6). NGOs tend to rate more highly in human resources because they have written HR and recruitment policies in place, as required by NSDP standards. Also, all NSDP NGOs now have up-to-date job descriptions and annual performance assessment systems in place. These policies have helped the NGOs in the selection, recruitment, and performance evaluation of personnel. However, the existence of such policies and systems does not necessarily lead to their application. Policies must be translated into actions that will improve the retention of qualified staff. This remains an issue for some NGOs.

Figure 6: NGO Institutional Capacity Scores, by Component, FY 2005

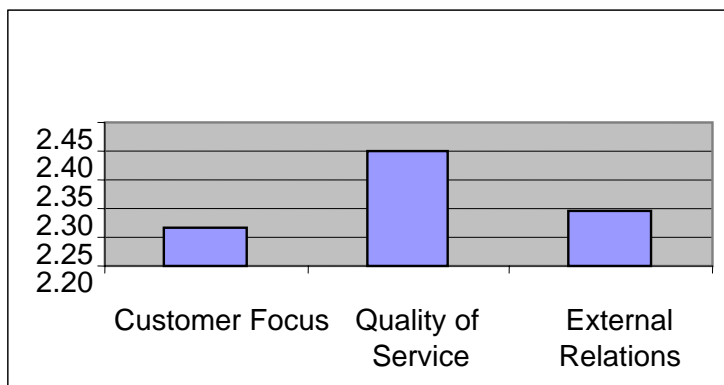


NGOs tend to rate less well in governance and management practices. In many NGOs, Executive Committee (EC) members are volunteers, and consequently it can be difficult for them to devote sufficient time to NGO management. Many NSDP NGOs are family-run, which may present other management difficulties. NSDP has provided TA in developing mission and value statements, help in drafting induction materials for new EC members, and work on leadership development issues. Few NGOs have staff succession plans in place. NSDP has conducted training for NGOs in governance, Mexico City Policy (MCP) compliance and external audit issues to help them become more transparent, accountable, and professional, and ultimately, more attractive to donors and the private sector.

b) Programmatic Pillar

NGOs rate relatively better on programmatic issues. NGOs scored highest on the quality of service and external relations criteria and weakest in customer focus (See Figure 7). Fairly well-defined quality standards have been established for most program areas. For example, NGOs have implemented interventions to improve client-provider interaction and standardized counseling and infection prevention skills. Also, NGOs regularly train providers to improve service quality.

Figure 7: NGO Programmatic Capacity Scores, by Component, FY 2005



NGOs score reasonably well in external relations. They have become skilled at building relationships with donors and government partners. NSDP NGOs tend to have good relationships with members of the community and with local government representatives. NGOs regularly attend periodic local government meetings and assist the government with community-oriented events, such as national immunization days, and this collaboration helps foster good GOB-NGO relationships. However, NGOs have historically had less experience in collaborating with the private, for-profit sector. NSDP assistance has helped selected NGOs build successful partnerships with the private sector in recent years.

NGOs tend to score lower on customer focus criteria. NGO management and clinical staff are aware of customer characteristics, their health service needs, and the barriers to

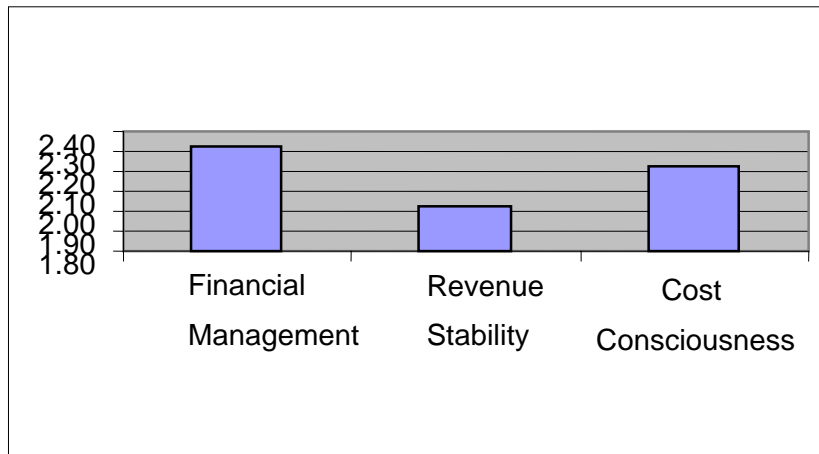


reaching customers; however, they do little in designing and implementing strategies to address the needs of customers, including how to reach and educate them. Competition among NGOs for customers requires NGOs to build capacity in a number of areas, addressing service fees, the range of services, the availability of preferred doctors/paramedics, problems with catchment area demarcation, and marketing of new services.

c) Financial Pillar

NGOs scored highest in financial management but lower in cost consciousness and revenue stability. Generally they do have appropriate systems for accounting, budgeting, financial reporting, and inventory management, since such systems are required for NGOs to be eligible to receive donor funds. However, while NGOs tend to have appropriate systems in place for financial reporting on a project-specific basis, many NGOs are less capable of managing their own finances more generally. For example, NGO inventory control procedures may function well with respect to a single project, but may not extend to the entire organization. This level of organization-wide financial management is important for long-term NGO sustainability.

Figure 8: NGO Financial Capacity by Component, FY 2005



NGOs tend to score lower in revenue stability because they have yet to sufficiently diversify their income, through external donor financing, corporate partnerships, or service fees. Although some NGOs receive funds from more than one donor and have the capacity to manage government contracts and multiple donors. A number of NSDP NGOs are currently implementing measures to improve financial sustainability. For example, a number of NGOs have service fee structures and collection procedures, and are beginning to implement rational pricing systems for their clinics. Many NGOs have well-managed revolving drug funds and are using these funds effectively for revenue diversification. With NSDP assistance, some NGOs have introduced new income-generating health services at selected clinics, which will help improve their revenue stability. Finally, some NGOs, through NSDP assistance, have built partnerships with



private companies, adding an important new source of revenue. These public-private partnerships include agreements under which NGOs sell their health services to companies.

NGOs also tend to do less well in cost consciousness measures, which indicate the level of awareness and management of organizational costs. Effective cost management requires trying to reduce or adjust costs without compromising services. Improving cost consciousness involves activities such as cost structure analysis, implementing procurement procedures, and controlling overhead expenses. While NSDP NGOs tend to consistently operate within budget parameters and adhere to expense approval systems, they are less experienced in analyzing important factors such as program cost per customer, and thus score lower on this component.

3. Planned Technical Assistance

MOCAT assessment findings have been used to design interventions to help NGOs improve in areas of weaknesses, use resources more efficiently, and increase overall income. The interventions include revenue diversification approaches and the provision of new income-earning health services. Higher revenues bolster NGO finances and cross-subsidize services for the poor. MOCAT assessments have helped identify “focus NGOs” who will receive more specialized assistance. These NGOs are expected to make greater progress in diversifying their funding, launching new services, containing costs and retaining skilled staff.

In the final phase of the project, NGOs will receive technical assistance in the following areas:

- 1) Increased cost recovery through service expansion: NGOs will receive assistance in developing and implementing revenue generation activities based on the expansion of services, including adding Health Care Marts, pharmacies, a greater range of curative care services, expanded lab and pharmaceutical services, both limited and comprehensive pathological services, ultra-sonogram services, contract physician schemes, and emergency obstetric care.
- 2) Increased revenue stability through public-private partnerships: NSDP will focus on strengthening and expanding partnerships with British American Tobacco (Bangladesh), Chevron, Standard Chartered Bank, Reckitt & Benckiser, and others. NGOs will receive assistance in establishing or expanding partnerships with labor intensive sectors such as garment factories and textile factories. Possible future partnerships include those with banks, pharmaceutical companies and others.
- 3) Diversifying donor funding: NGOs will receive assistance in working with international and corporate donors to become the “partner of choice” in Bangladesh for implementing health projects. This approach will be particularly important for NGOs working with the very poor, and any NGOs unable to establish viable fee-for-service structures or long-term business relationships with private companies.



4) Improved NGO governance: Technical assistance for improving NGO governance includes assistance with mission and value statements, developing induction materials for new EC members, and working on leadership development issues. NSDP now has an induction package for new EC members incorporating input from NSDP's grants management, compliance, and program operations units.

5) Increased staff retention / HR strategies: NSDP is working with selected NGOs to help design and implement staff retention strategies. Three HR survey tools (an employee satisfaction survey, a benefit survey and an exit interview) have been developed to diagnose causes of staff turnover and to help identify solutions. NGOs will receive help in analyzing survey data and designing staff retention strategies.

6) Improved physical facilities: NSDP has issued policy on the use of accumulated program income for clinic construction, and has approved 11 new clinic construction projects for 7 NGOs. In FY 2007, NSDP will continue assisting with construction of clinic buildings for BMS, CAMS, IMAGE, VPKA, GKSS, PSKS, Kanchan Samity, SHIMANTIK, UPGMS and Swanirvar.

4. Conclusion

Improvements in MOCAT ratings indicate that by developing institutional, programmatic, and financial capacity, NGOs have a greater chance for long-term sustainability. Between FY 2003 and FY 2005, MOCAT scores increased in all component areas. Overall composite MOCAT scores increased by 26% between FY 2003 and FY 2005. MOCAT scores for FY 2003 were from assessments conducted by NSDP, whereas NGOs assessed themselves in FY 2004 and FY 2005. In FY 2005, among the three pillars of sustainability, NSDP NGOs scored highest in the programmatic pillar (particularly high in the areas of culture of quality and external relations) and scored lowest in the institutional pillar (particularly low in the areas of governance and management practices). In the financial pillar, NGOs scored higher in the area of financial management, and lower in cost consciousness.

Although self-assessments in FY 2004 and FY 2005 could have led to artificially inflated scores, improvements in MOCAT scores are promising, and suggest that all NSDP NGOs are capable of making improvements in multiple program components related to sustainability. Additionally, MOCAT survey results indicate that some NGOs are making advances at a greater rate, with potential for affecting key project measures such as cost recovery, revenue diversification, and reduced staff turnover. NSDP has recommended that more advanced areas of technical assistance be targeted to these NGOs to facilitate their rapid advancement. NSDP will apply targeted technical assistance to these NGOs, while continuing to help all NSDP NGOs use their MOCAT results to identify areas of weakness and make adjustments in key systems and processes. A final MOCAT assessment will be conducted in 2006 by NSDP to validate NGO progress.



Annex 1: FY 2005 MOCAT Scores for Individual NGOs, Rank-Ordered

	Name of NGO	Classification	“Score”
1	CWFD	Expanding	2.79
2	Proshanti	Expanding	2.75
3	CAMS	Expanding	2.74
4	Swanirvar	Expanding	2.71
5	PSKS	Expanding	2.68
6	SSKS	Expanding	2.67
7	Fair Foundation	Expanding	2.54
8	FDSR	Expanding	2.46
9	Kanchan	Expanding	2.39
10	Bamaneh	Expanding	2.38
11	VPKA	Expanding	2.3
12	Tilottama	Expanding	2.21
13	JTS	Expanding	2.2
14	VFWA	Expanding	2.2
15	UPGMAS	Expanding	2.14
16	Dipshikha	Expanding	2.13
17	MMKS	Expanding	2.12
18	SOPIRET	Expanding	2.09
19	SGS	Expanding	2.08
20	Kajus	Expanding	2.07
21	PSF	Expanding	2.04
22	Bandhan	Expanding	2.04
23	PKS	Expanding	2.02
24	Shimantik	Emerging	1.92
25	GKSS	Expanding	1.9
26	BMS	Emerging	1.87
27	SUPPS	Emerging	1.81
28	SUS	Emerging	1.79
29	Malancha	Expanding	1.59
30	CRC	Emerging	1.29



Annex 2: FY 2005 MOCAT Scores for Individual NGOs, by Pillar

NGO	Institutional Capacity	Programmatic Capacity	Financial Capacity
BAMANEH	2.48	2.32	2.34
BANDHAN	2.05	2.00	2.06
BMS	1.69	2.05	1.88
CAMS	2.64	3.08	2.48
CRC	1.30	1.29	1.27
CWFD	2.83	2.73	2.81
DIPSHIKHA ANIRBAN	1.95	2.30	2.14
FAIR FOUNDATION	2.39	2.57	2.65
FDSR	2.47	2.43	2.48
GKSS	1.86	1.90	1.94
JTS	1.97	2.56	2.08
KAJUS	1.99	2.32	1.88
KANCHAN SAMITY	2.29	2.49	2.39
MALANCHA	1.93	2.25	1.82
MMKS	2.12	2.37	1.87
PKS	1.91	2.19	1.97
PROSHANTI	3.08	2.57	2.61
PSF	1.99	2.27	1.85
PSKS	2.69	2.50	2.86
SGS	2.03	2.26	1.96
SHIMANTIK	1.88	1.94	1.93
SOPIRET	1.86	2.30	2.12
SSKS	2.50	2.75	2.75
SUPPS	1.85	1.88	1.68
SUS	1.75	1.80	1.81
SWANIRVAR	2.82	2.52	2.81
TILOTTAMA	1.53	2.85	2.26
UPGMS	1.65	2.55	2.22
VFWA	1.89	2.12	2.59
VPKA	2.10	2.48	2.33



Annex 3: Trends in Individual NGO MOCAT Scores, FY 2003, 2004 and 2005

Name of NGO	FY 03	Classification	FY 04	Classification	FY 05	Classification
CWFD	2.38	Expanding	2.78	Expanding	2.79	Expanding
Fair Foundation	1.82	Emerging	2.30	Expanding	2.54	Expanding
PKS	1.73	Emerging	1.96	Emerging	2.02	Expanding
Kanchan	1.63	Emerging	2.20	Expanding	2.39	Expanding
JTS	2.18	Expanding	2.33	Expanding	2.20	Expanding
Swanirvar	2.26	Expanding	2.36	Expanding	2.71	Expanding
Bamaneh	1.69	Emerging	1.99	Emerging	2.38	Expanding
PSF	1.84	Emerging	1.96	Emerging	2.04	Expanding
MMKS	1.97	Emerging	2.08	Expanding	2.12	Expanding
Shimantik	1.69	Emerging	1.69	Emerging	1.92	Emerging
FDSR	1.89	Emerging	2.02	Expanding	2.46	Expanding
Proshanti	2.39	Expanding	2.80	Expanding	2.75	Expanding
CAMS	2.04	Expanding	2.74	Expanding	2.74	Expanding
SSKS	1.67	Emerging	2.15	Expanding	2.67	Expanding
BMS	1.75	Emerging	1.86	Emerging	1.87	Emerging
Malancha	1.41	Emerging	1.37	Emerging	1.59	Emerging
VFWA	1.62	Emerging	1.91	Emerging	2.20	Expanding
UPGMAS	1.68	Emerging	1.77	Emerging	2.14	Expanding
Tilottama	1.67	Emerging	2.24	Expanding	2.21	Expanding
GKSS	1.68	Emerging	1.80	Emerging	1.90	Emerging
SOPIRET	1.82	Emerging	1.96	Emerging	2.09	Expanding
SUS	0.98	Nascent	1.22	Emerging	1.79	Emerging
Dipshikha	1.33	Emerging	1.64	Emerging	2.13	Expanding
Kajus	1.84	Emerging	2.00	Emerging	2.07	Expanding
Bandhan	1.75	Emerging	1.95	Emerging	2.04	Expanding
CRC	0.87	Nascent	1.13	Emerging	1.29	Emerging
SGS	2.01	Expanding	2.11	Expanding	2.08	Expanding
SUPPS	1.50	Emerging	1.88	Emerging	1.81	Emerging
PSKS	1.56	Emerging	2.89	Expanding	2.68	Expanding
VPKA	2.00	Emerging	2.13	Expanding	2.30	Expanding





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