

Advancing Microfinance through
Association Leadership

PROMOTING STANDARDS
OF PRACTICE



Capacity Assessment Tool for Microfinance Associations: NCAT 5.1

2014

Capacity Assessment Tool for Microfinance Associations: NCAT 5.1

The SEEP Network

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Printed in the United States of America.

The publication of this document is made possible by the generous support from Citi Foundation.

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ACKNOWLEDGMENTS

This version of the NCAT Suite, which includes the NCAT 5.1 Guide and the NCAT 5.1 Scoring Tool, has been produced by The SEEP Network as an activity of the Citi Network Strengthening Program funded by the Citi Foundation. Originally developed in 2010, the tool has been subsequently expanded. The 2014 version includes capacity areas and indicators related to responsible finance practices, as part of the Responsible Finance through Local Leadership in Sub-Saharan Africa program funded by the MasterCard Foundation.

Special appreciation is owed to Sharon D'Onofrio who led the original effort to revise the tool. She was supported in this process by Mariana Marinho, Kelly Hattel, Patrick McAllister, Deena Burjorjee, Jenny Morgan, Nisha Singh, Lene Hansen and Diana Dezso, as well as the entire Association Development Services team at The SEEP Network.

We owe a special thanks to the following organizations and microfinance associations for contributing to the development and expansion of this tool by providing critical feedback and insights:

MIX

Smart Campaign

Microfinance Centre (MFC)

Pakistan Microfinance Network (PMN)

Russian Microfinance Center (RMC)

Association of Micro Finance Institutions of Uganda (AMFIU)

Red Centroamericana de Microfinanzas (REDCAMIF)

Red Financiera Rural (RFR)

Chapter 1. Overview and Objectives of the Network Capacity Assessment Tool

1.1 NCAT Framework

The Network Capacity Assessment Tool (NCAT) is the only globally-recognized assessment methodology for evaluating the institutional capacity of microfinance associations. The NCAT looks at eight overarching capacity areas—governance, operations, financial viability, human resources, external relations, service delivery, transparency, and consumer protection. Within each capacity area, SEEP has identified specific standards of excellence (see table 1). These standards reflect the optimal state of operations and are considered essential for association success. The degree to which an association meets these standards is assessed utilizing specific measurable indicators. Each capacity area has between 4 and 13 indicators scored on a scale of 0 (zero) to 4. The scoring model places an association in one of four stages of development: nascent, emerging, expanding, and mature. The NCAT Scoring Tool, an Excel spreadsheet designed to assist analysts in scoring and analysis, provides detailed descriptions of the rating scale for each indicator.

The first version of the NCAT was developed in 2000. Much of its original content was drawn from the Organizational Capacity Assessment Tool (OCAT), which was developed by PACT and used to evaluate non-governmental organizations. Since its inception, the NCAT has been revised and improved several times to reflect current developments in the microfinance industry and the expanding role of associations. As of the date of this publication, the NCAT has been utilized in over 40 evaluations of microfinance associations in nearly every region in the world.

The NCAT 5.1 is the latest version of SEEP's association assessment tool. The principal aim of the revision process was to make the tool more user-friendly and objective, while at the same time elevate the standards of performance measured to more accurately reflect the current reality of microfinance associations. In addition, the tool now includes two new capacity areas—transparency and consumer protection—with related standards of excellence and indicators. Therefore, overall scores obtained from earlier versions of the NCAT are not directly comparable to those derived from the NCAT 5.1. It is however possible to directly compare the NCAT 5.0 scores of the six original capacity areas with those obtained using the NCAT 5.1. The box at the right provides a description of some of the most important and useful upgrades contained within the NCAT 5.1.

NCAT 5.1 Upgrades

More comprehensive and easy-to-use guidance

- Detailed planning instructions for associations and analysts
- Expanded interview guide
- Automated scoring and graphical analysis
- Revised assessment report template

Improved objectivity in presentation of assessment results

- Increased focus on verification processes
- More precise scoring methods
- Streamlined communication of results to associations
- New gap analysis focuses on areas for improvement

Elevated standards of excellence

- More comprehensive assessment of board roles and responsibilities
- Greater emphasis on standards of performance and practice for association members
- Detailed evaluation of association planning processes
- Expanded review of human resources policies and practices
- Standard financial performance measures
- Integration of SEEP's Member Feedback Tool
- Greater focus on market responsiveness and use of market data in design and delivery of services
- Additional focus on associations' role in promoting responsible finance practices in their markets with the inclusion of two new capacity areas—transparency and consumer protection—and related standards of excellence and indicators

Table 1. Standards of Excellence

GOVERNANCE	Membership	Association membership is representative of the market and is defined and held accountable by common standards of performance and practice.
	Democratic Participation	The association has a participatory decisionmaking process supported by transparent and consensus-oriented systems.
	Board of Directors	The board of directors is accountable to the membership and provides effective leadership in fulfilling the association's mission.
OPERATIONS	Planning	The association utilizes a comprehensive and participatory system of planning to define its priorities and organize activities in the short and long term.
	Systems	Systems are in place to ensure efficient flow of information, compliance, and transparency.
	Monitoring and Evaluation	The association monitors and evaluates its performance on a regular basis and utilizes information gathered to make improvements and ensure accountability.
FINANCIAL VIABILITY	Financial Planning	Financial planning is an integral part of short- and long-term organizational plans, and appropriate financial performance measures are used to set goals and monitor performance.
	Financial Performance	Financial performance measures—associated with earned income, the development of operating reserves and operational efficiency—are strong and show positive trends.
	Financial Administration	Financial administration processes are transparent and provide the necessary level of control to ensure that resources are used efficiently and for their intended purpose.
HUMAN RESOURCES	Leadership	Association leaders consistently demonstrate success in carrying out the mission of the organization and are influential in shaping the future of the sector.
	Personnel Management	Personnel management policies and processes are clearly documented and communicated, and adequately meet the needs of the association in its present stage of development.
	Professional Development	The association prioritizes the professional development of its staff.
	Organizational Culture	The association has a dynamic and open organizational culture.
EXTERNAL RELATIONS	Contacts	The association successfully draws guidance and information from its close contacts with a diverse range of microfinance industry stakeholders to achieve its organizational objectives.
	External Communications	The association has a clear communications strategy that effectively targets a diverse range of microfinance stakeholders.
	Credibility	The association is recognized as an important and capable representative of the microfinance sector and effectively advocates on behalf of its members.
SERVICE DELIVERY	Market Responsiveness	The association is market oriented and responsive to changing conditions.
	Service Mix	The association's core services are well designed and reflect its comparative advantage.
	Member Focus	The association is driven by the needs and demands of its members.
TRANSPARENCY	Systems	The association has the necessary systems and procedures in place to promote data collection and reporting in the market it serves.
	Reporting	The association is considered the primary source of financial and social performance data for the industry.
	Utilization	The association produces reports on financial and social performance that are demand driven and meet the needs of a wide array of stakeholders.
CONSUMER PROTECTION	Systems	The association represents its members to relevant industry regulatory body for consumer protection.
	Compliance	Clear and accurate information is readily available concerning the price, terms and conditions of financing and clients are well informed about their rights and regulations.

1.2 NCAT Objectives

The NCAT can be used for a variety of purposes:

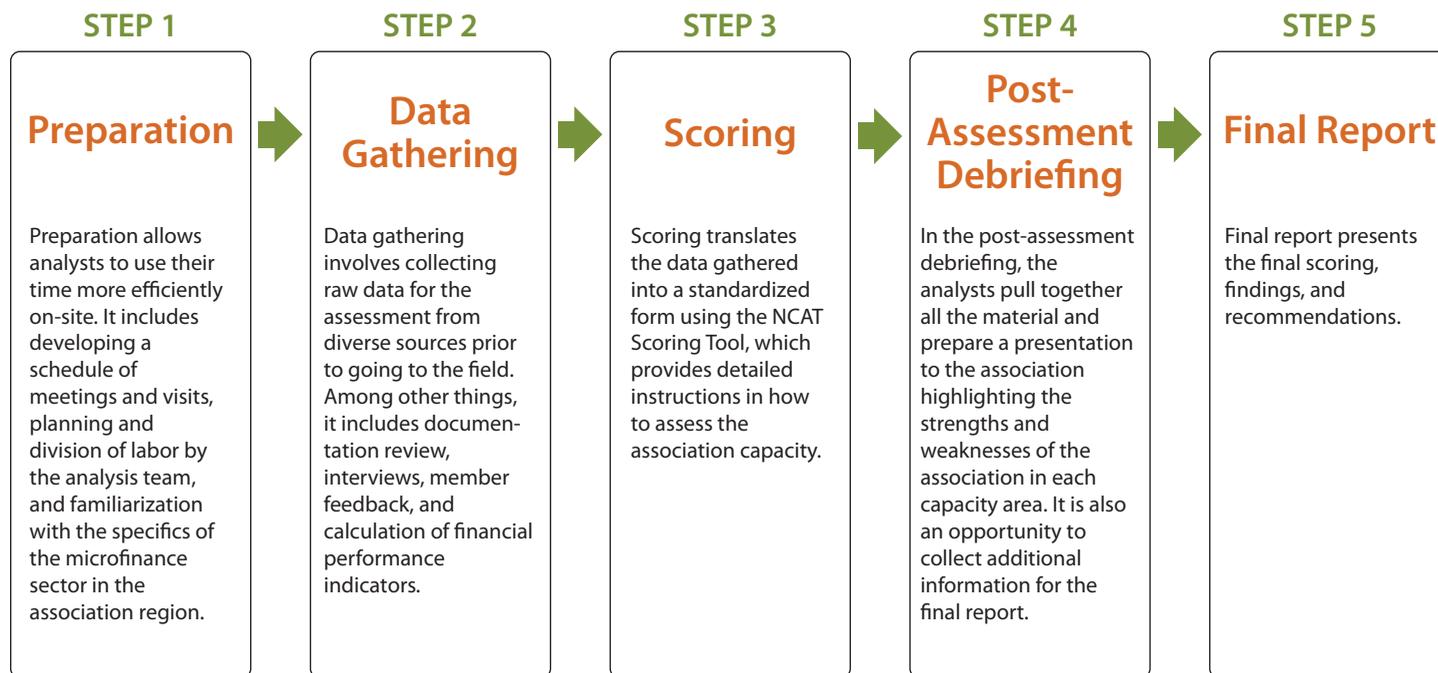
- Determining an association's stage of maturity at a given point in time and the activities needed to strengthen its development
- Establishing a baseline measurement of association performance
- Monitoring and evaluating progress toward association development objectives
- Educating association staff about the components and attributes of an effective association
- Creating a strong, shared commitment to improving association effectiveness among association staff and members
- Assessing the training needs of association staff and providing a framework for a training curriculum
- Providing a comprehensive evaluation of association viability and potential growth to complement financial audits or other program evaluations
- Obtaining a rapid assessment, or "snapshot," of an association (gleaned from answers to select interview and group discussion questions)
- Providing a basis for designing improved association organizational systems and procedures

Figure 1. NCAT Stages of Association Development



1.3 NCAT Process

The Network Capacity Tool has five key steps (detailed in chapter 2):



1.4 Privacy Considerations

Whether analysts are engaged directly by an association or by an outside party, such as a donor, it is crucial that they respect the confidentiality of the information that will be collected during an association assessment. SEEP requires analysts to utilize a privacy agreement with all associations undergoing an NCAT. A sample letter can be obtained from the SEEP Network upon request. The letter is intended to address concerns about the potential misuse of confidential information.

During and after the assessment, the analysts must take measures to ensure the privacy of the information collected. For example, association documents, survey questionnaires, and an analyst’s notes should be kept in a secure place and then, upon conclusion of the final report, destroyed. Electronic records of information and/or notes should be stored on an external storage device—and not on the hard drive of a laptop, personal computer, or public or organizational computer network—and kept in a secure location. All such records, save the final report, should also be destroyed (erased) at the end of an assessment. Finally, the analysts must establish clear procedures for handling information derived from the member survey. Guaranteeing the confidentiality will promote a candid evaluation of association services and performance by its members. (See the “Off-Site Tasks” section on association member surveys in chapter 2.)

Chapter 2. NCAT Implementation

2.1 Preparation

Advanced planning is required for both off-site and on-site assessment tasks. Assessments should be scheduled sufficiently far in advance to allow for the receipt and review of requested association documentation and for member survey questionnaires to be completed. This process ensures that the analysts arrive on-site with sufficient background to conduct an efficient assessment. Gathering most of the documentation on-site is an inefficient use of an analyst's time, with the exception of large manuals or extremely sensitive documents.

It is preferable to schedule the on-site portion of an assessment after analysts have selected the member organizations and other stakeholders that they will interview. Once all stakeholders have been identified, association management will need to contact key association personnel (board members, senior managers, technical staff, and support staff) and member organizations to confirm their availability for interviews on the proposed dates. Association staff should ensure a sufficient amount of time between interviews to allow for travel if necessary, as well as to allow analysts time to complete their notes. Depending on the individual's position being interviewed, meetings may last anywhere from 30 minutes to an hour.

When the dates of the assessment have been finalized, the analysts should send the association a work plan that details the assessment schedule (see annex 2).

When more than one analyst participates in an assessment, one should be the team leader and should ensure that the team has a common and clear understanding of the NCAT process. The team should decide ahead of time how they will handle the division of labor. In some cases, it may be more efficient to have one team member conduct member interviews and group discussions, while the other team member remains at the association office to conduct interviews with the staff and board members, and examines documentation and operational systems. Whatever the division of labor, if possible, the team should schedule daily meetings to identify informational gaps that need to be addressed.

2.2 Off-Site Tasks

Document Review

In order to use the limited time in the field efficiently, analysts should request most documents five to six weeks before the on-site portion of the assessment. Annex 1 provides a list of documents to review in advance and those documents that should be reviewed on-site.

SEEP Member Feedback Tool/Association Member Survey

A survey of the association's membership is an integral part of the network capacity assessment process. SEEP's Member Feedback Tool (MFT) was designed with this purpose in mind. The MFT is a comprehensive tool made up of a web-based survey, a database, and a reporting system that allows microfinance associations to collect feedback from their members in a simple and systematic way. The goal of the MFT is to gauge member participation in association activities and evaluate the importance and quality of association services. Through frequent member feedback, an association can identify and prioritize member needs, measure its responsiveness to members, and determine areas for improvement.

The MFT is currently available through The SEEP Network. In some cases, the association will already be implementing the MFT. Under such circumstances, the results of the most recent MFT may be used if the survey has been administered within six months of the network capacity assessment. If the MFT results are more than six months old, a new survey is strongly recommended.

Box 1. Key Elements of SEEP’s Member Feedback Tool

1. Survey customization: Each association can customize both the content and the language of the survey questions.
2. Simple set-up and use: The survey link is sent directly from the association to its members, who can complete it in a maximum of 10–15 minutes.
3. Data management: Responses are immediately compiled and stored in a database hosted by SEEP, which allows for real-time monitoring.
4. Professional reports: MFT reports display clear graphs that chart members’ responses by area.
5. Benchmarking system: The system can plot associations’ individual MFT results next to industry averages to show global trends.

For more information on the MFT, see <http://www.seepnetwork.org/memberassessment>.

The use of SEEP’s MFT is not required if the association has its own system in place that meets the basic requirements of the network capacity assessment process. In such cases, the analysts will need to review the contents and results of the most recently administered survey to determine if it provides sufficient information. Member surveys results are directly linked to the NCAT Service Delivery section. If the association’s member survey provides insufficient information, then the use of the MFT is recommended.

Financial Performance

The long-term sustainability of microfinance associations requires good financial planning. This includes the ability to analyze past performance and determine appropriate targets, as well as evaluate organizational strategy. As a means of strengthening the financial planning capacity of associations, SEEP has developed a standard set of financial indicators for these purposes. The “Financial Viability” section of the NCAT requires analysts to score the association with respect to these measures for a period of three consecutive years. The data-gathering process associated with this activity may be time consuming. Therefore, analysts should collect and analyze the financial information prior to the on-site portion of the network capacity assessment.

Table 2. Standard Financial Performance Ratios for Associations¹

Ratios	Description	Indicator	Significance	Target
Overhead Ratio	Overhead Costs/ Total Operating Costs	%	Measures how efficiently the organization manages its resources	15-20%
Core Cost Recovery Ratio	Adjusted Earned Income/ Core Costs	%	Measures the ability of the association to cover core costs from earned revenue	100%
Earned Income Ratio	Earned Income/ Total Revenue	%	Measures the contribution of earned income to the association’s total revenue	40%
Operating Reserve Ratio	[Average Unrestricted Net Assets/ Core Costs] X 12	# of months	Measure the extent to which the association can survive on its reserves without mobilizing additional resources	12 months

1. For more information on financial performance analysis of microfinance associations, see SEEP’s “Measuring Financial Performance: Practitioners Guide for Microfinance Associations” at <http://www.seepnetwork.org/financialperformance>. NCAT analysts will be provided with a “Simplified Financial Analysis Toolkit for the NCAT 5.1.

Designate External Stakeholders for Site Visits

With the support of the association, analysts will identify a sufficient number of external stakeholders to include in the assessment process. These may be government representatives from relevant departments, donors, technical assistance providers, NGOs, educational institutions, media representatives, and other associations. They should be influential actors in the local microfinance sector. Analysts should not limit these contacts to only individuals and organizations that have current relationships with the association.

2.3 On-Site Tasks

Upon arrival at the association, analysts should meet with senior association managers and board members to review the work plan, collect additional documentation, and finalize logistics. See annex 1 for a list of documents that can be reviewed by the analysts on-site during the assessment.

Confirmation of Accuracy of the Association's Financial Performance Analysis

The results of the financial performance analysis conducted by the analysts should be shared with association representatives, in particular, those managers responsible for financial administration and reporting. The analysts should use this opportunity to confirm the accuracy of the data provided by the association prior to the on-site visit. On occasion, corrections in the analysis may need to be made. This meeting can also be utilized to begin to familiarize association representatives with SEEP's standard set of financial performance measures.

Interviews and Group Discussions

Much of the data for the assessment will come from interviews, which are used to gather information for the NCAT. Therefore, it is necessary to identify the most appropriate individuals to include in the process, both within the association's membership, as well as stakeholders. It is recommended that the analysts interview all association staff and a representative sample of association member institutions and external stakeholders. The list of members should reflect the diversity of the association's membership in terms of size, institutional type, and geographic representation. Depending on the size of the association, 15%–25% of the association's members should be interviewed by NCAT analysts.

The discussion guide in annex 3 outlines interview questions that the analysts can use to gather needed information. The guide only suggests a range of questions, and is not a definitive list. Analysts are encouraged to become familiar with the NCAT indicators and to develop independent, open-ended questions on each topic. Based on the NCAT Scoring Guide, it is up to the analysts to decide when sufficient information has been gathered to score the association on any given indicator.

Analysts are encouraged to maintain notes—including direct quotes that may later be published unattributed—in the same format for each interview. The analysts can choose to record notes in a chart or table, or to maintain notes of each session in an identical format, at their discretion. They will need such notes to assign the final scores in the actual NCAT. Therefore, the analysts should think carefully about the kind of reflections and information that would be useful in determining final scores.

It is recommended that member interviews be conducted in groups when possible, and staff interviews in groups when appropriate. Senior managers should be interviewed separately, but it is not likely that the analysts will be able to interview each staff member separately. The analysts should keep in mind that the discussion guide may need to be adapted for individual or group interviews.

Preliminary Scoring

The analysts should begin to assess the association's score during the on-site assessment process (see chapter 3). This will help them identify the areas that require further investigation, either through additional document review or more interviews. These scores should not be shared with the association until the final NCAT report is submitted. All scores should be finalized after completing the on-site assessment process and consulting with association staff during the post-assessment debriefing.

2.4 Post-Assessment Debriefing

It is important to give immediate feedback to the association after an assessment has been concluded. Analysts should not provide a provisional overall NCAT score, but rather indicate the areas where the association needs to improve its performance. This is an opportunity for the analyst to provide an action plan for capacity building and prioritizing key activities. The post-assessment debriefing should include the association's executive director, members of the board, and other key senior managers.

If the analysts are unable to determine a provisional score during the assessment period, they should nevertheless provide feedback to the association on their initial impressions. The debriefing is also an opportunity for analysts to ask any final questions or request additional information. Finally, they should indicate when the association will receive the final report. (See annex 4 for a suggested Power Point presentation template to be used in the post-assessment debrief.)

2.5 Final Report

An assessment report should be produced 1–3 weeks after the on-site portion of the assessment has been completed. Analysts are invited to use the template in annex 5 when writing the report, although each report should be tailored to the specific assessment at hand. Association representatives should be provided an opportunity to comment on the draft before the report is finalized.

The association may request that the analysts present the final report to the association's board of directors via conference call or virtual meeting. Under such circumstances, the analysts can update the post-assessment debriefing presentation with the final NCAT results.

Chapter 3. Scoring

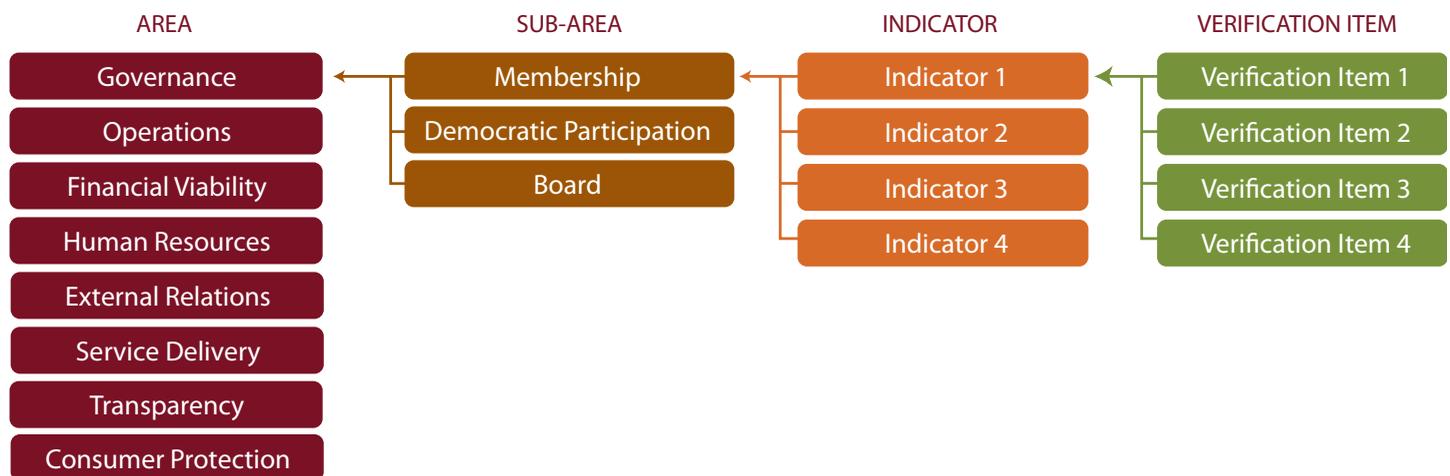
SEEP developed a Scoring Tool to provide a quantifiable way to analyze the indicators in the NCAT. It was also designed to assist analysts to calculate the scores and analyze the results of the assessment. The Scoring Tool, which is available in English, Spanish, and French, is divided in two parts: “Data Input” and “Results and Analyses.” The next subsection describes the scoring system and the subsequent two subsections instruct analysts in how to use each part of the NCAT Scoring Tool.

3.1 Scoring System

Scores do not indicate how “good” an association is, but rather its level of development. The results of a network capacity assessment place an association into one of four stages of development according to their competence in the eight capacity areas (see table 1, Standards of Excellence). These stages are nascent, emerging, expanding, and mature (see figure 1, NCAT Stages of Association Development). Because the four stages of development are dynamic and interactive, an association may not be at the same stage in all areas nor will its rating indicate the number of years that it has been in operation. Refer to figure 1 for the correlation of ratings to an association’s stage of development.

In order to calculate the overall NCAT score, the Scoring Tool breaks down the analysis of the association into the eight capacity areas (governance, operations, financial viability, human resources, external relations, service delivery, transparency, and consumer protection), plus sub-areas, indicators, and verification items, as seen in figure 2.

Figure 2. NCAT Structure



The NCAT comprehensive scoring methodology utilizes a “roll-up calculation” scoring system.

1. The analysts assess the verification items. (A score is provided in the Scoring Tool for each verification item; see figure 3.)
2. The score of an individual indicator is the sum of its verification items.
3. Sub-area scores are the average of their respective indicator items.
4. Area scores are the average of all indicators within the area (as opposed to averages of the sub-areas). Because the number of indicators varies by sub-area, the averages allow for certain sub-areas to carry more weight than others.
5. The total NCAT score is the average of the eight area scores.

3.2 Data Input

As described in the previous section, the NCAT scores roll up from the verification item assessment. This section describes the steps to input data into the NCAT Scoring Tool.

- 1. Selecting the capacity area:** Starting with the “Menu” tab (the first tab of the Excel spreadsheet in the Scoring Tool), the analysts should select the button of the area they want to assess, for example, “Governance,” as shown in figure 3.
- 2. Understanding the assessment table:** Each capacity area has a table with its sub-areas, indicators, and verification items (see figure 3). The table also includes the respective weights, assessment options for verification items, some suggested sources, and a “Comments” column for use by the analysts.
- 3. Inputting the data:** The analyst completes the NCAT score by assessing each verification item in the Scoring Tool. Therefore, to maintain the integrity of the tool, all verification items must be scored. The lack of any entry will indicate the absence of the particular item and the tool will process it as a zero score. Each verification item has a drop-down list in the assessment column. Most of them are Yes/No, but some have different options (see figure 3). It is not possible to add different assessment options.

Box 2. NCAT Scoring Tool: Scores Calculation

Once the analyst fills out the verification items, the Scoring Tool will automatically calculate the scores according to the following criteria:

NCAT Score (0.0–4.0)

The NCAT overall score is the simple average of the eight capacity areas; that is, all areas are weighted equally. The scores can be from 0.0 to 4.0, the latter indicating the greatest level of development.

Area Score (0.0–4.0)

Each area has 4 to 13 indicators and the area score is the simple average of these indicators. The scores can be from 0.0 to 4.0, the latter indicating the greatest level of maturity.

Sub-area Score (0.0–4.0)

The sub-area score is the average of its indicators.

Indicator Score (0.0–4.0)

The score of the indicators is the sum of its verification items.

Figure 3. NCAT Scoring Tool: Governance

Sub-Area **Indicator** **Ver. Item** **Drop-Down List**

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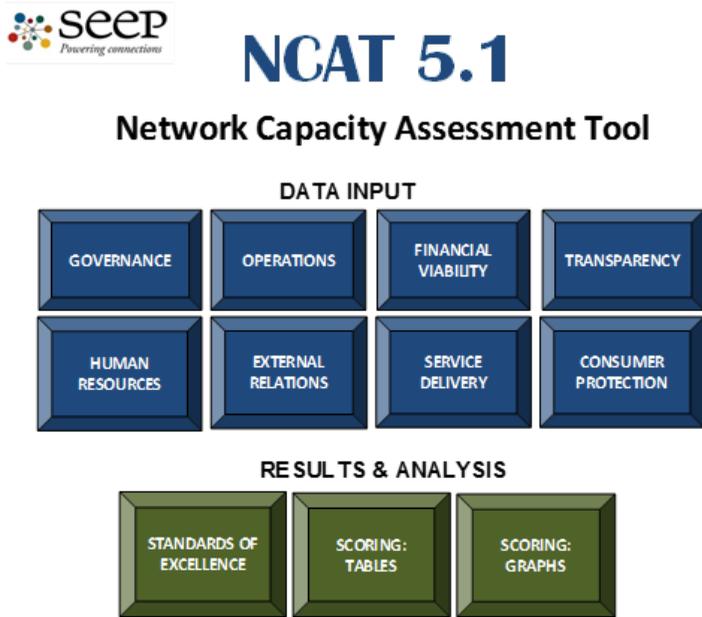
NCAT 5.1

GOVERNANCE

Please select appropriate answer on the "ASSESSMENT" column.

AREA / INDICATOR / VERIFICATION ITEM	WEIGHT	ASSESSMENT	SCORE	SUGGESTED SOURCES
GOVERNANCE TOTAL			0.0	
MEMBERSHIP	4		0.0	
1. Membership reflects the diversity of the microfinance sector that the association seeks to represent.	1		0.0	
1.1 The association has a clearly articulated vision with respect to sector representation.	1.0	[Select]	0.0	Industry report; mission statement; interviews with members and Board
1.2 The association recruits additional members as the industry grows and changes.	1.0	Not at all	0.0	Industry report; mission statement; membership list
1.3. At least 80% of microfinance service providers in the sector that the association seeks to represent are members of the association.	1.0	[Select]	0.0	Same as above (1.2)
1.4. At least 80% of the total active clients in the sector that the association seeks to represent are served by association members.	1.0	[Select]	0.0	Same as above (1.2)

Figure 4. NCAT Scoring Tool Menu



Analysts should pick the appropriate answer based on their evaluation, the member survey, personal interviews, and focus group discussions, as well as their analyses of association documentation, operational systems, and use of the NCAT Guide. After determining a score for each verification item, the analysts should indicate in the comments column which source was used to determine the score and insert any other comments relevant to determining the score. This is useful information to refer back to when writing the final report, as well as for backing up any disputed scores.

3.3 Scoring Analysis

Once the analysts have assessed all verification items, they can find the consolidated results and analysis through the Scoring Tool “Menu” (see figure 4). These features should not only help the analysts write the final report (annex 5), but also may provide some useful information from which to develop recommendations.

The “Standards of Excellence” tab, shown in figure 4, consolidates the scores into the respective standards of excellence. The “Scoring: Tables” tab consolidates the scoring by indicators. The “Scoring: Graphs” tab provides graphs of overall results and the eight capacity areas. This tab provides great value in understanding the association’s constraints by displaying the information in three different types of graphs: score overview (figure 5), scores by area (figure 6), and gap analysis (figure 7).

While figures 5 and 6 show absolute values of the assessment, the gap analysis (figure 7) emphasizes the impact of each area in the overall score. In this example, the difference between the association’s score (2.1) and the maximum result (4.0) is 1.9 points.²

2. Numbers may not add up exactly due to rounding.

Figure 5. Score Overview

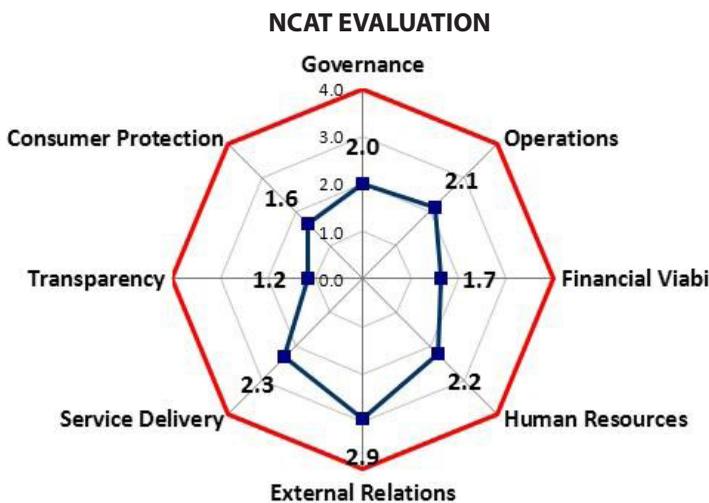
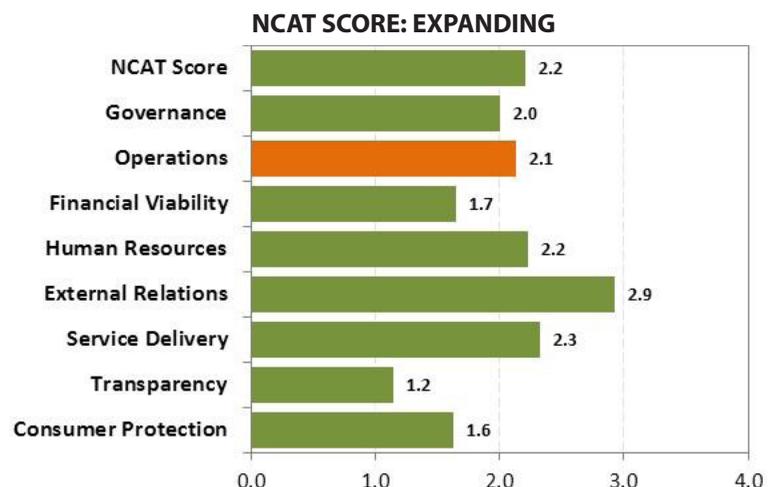


Figure 6. Scores by Area



3.4 Gap Analysis

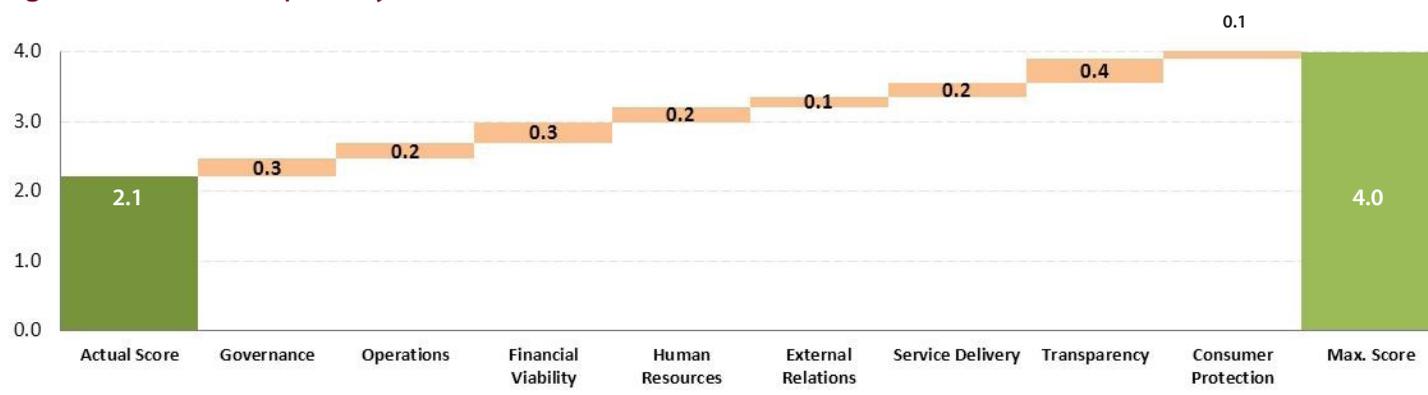
The gap analysis in this version of the NCAT provides a novel way of looking at the scoring of the assessment. The gap analysis enables prioritization of recommendation for improvement. The analysis is undertaken at three levels:

Level 1: NCAT Gap Analysis

For each of the eight capacity areas, calculating the gap is a two-step process. The first step is to determine the difference between the score for that capacity area and the maximum possible score (i.e., 4.0). This difference is then divided by the number of capacity areas (8) to calculate the impact of that particular area on the overall score.

Therefore, while all the capacity areas are equally important, this analysis enables associations to prioritize and focus on the capacity area that would have maximum impact. As demonstrated in Figure 7 below, the biggest gap (0.4) is seen in the area of Transparency. Therefore, analysts should place the greatest emphasis on recommendations in that capacity area.

Figure 7. NCAT Gap Analysis



Level 2: Gap Analysis per Capacity Area

The second level gap analysis involves looking at the scoring gap for each sub-area within a capacity area. Because the sub-areas have different weights based on the number of indicators associated with them, the sub-area with the lowest score will not necessarily have the highest impact. Gap analysis at this level allows associations to pinpoint specific areas within capacity areas that need strengthening. Analysts should link their recommendations to these identified gaps.

In the Human Resources area, for instance, the Personnel Management sub-area has five indicators (see table 3) and, thus a weight of five; the Organizational Culture sub-area by comparison has only two indicators. For this reason, as shown in the figures below, the Personnel Management sub-area has a greater impact on the area score (figure 9), even though it had the same score as Organizational Culture (figure 8). In this case, the analysts might consider emphasizing Personnel Management in their recommendations over Organizational Culture.

Table 3. Human Resources Sub-Areas

Sub-areas	Weight	Score
Leadership	3	2.7
Personnel Management	5	1.3
Professional Development	3	3.7
Organizational Culture	2	1.3

Figure 8. Human Resources Score

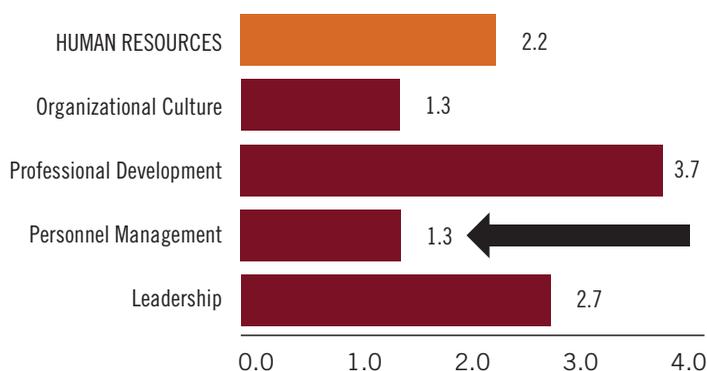
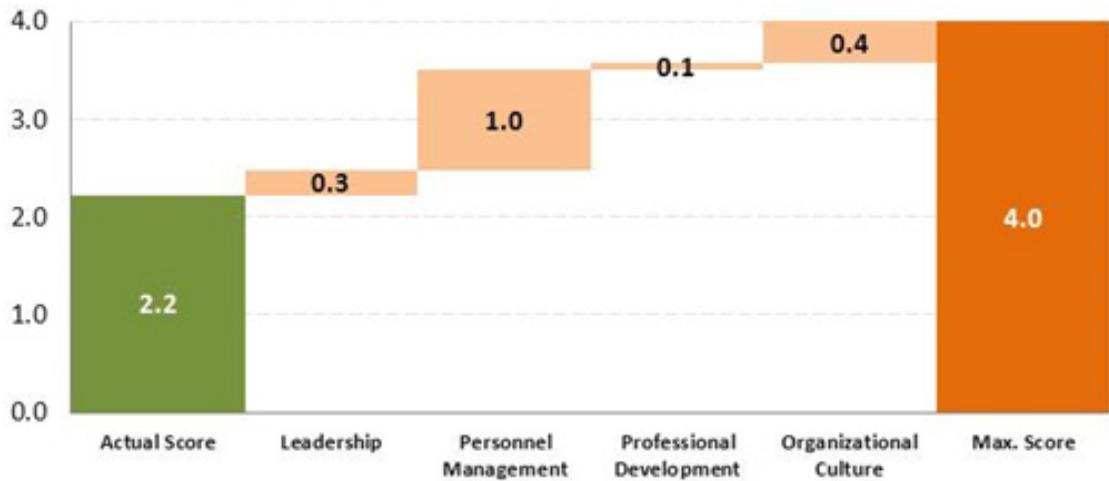


Figure 9. Human Resources Gap Analysis

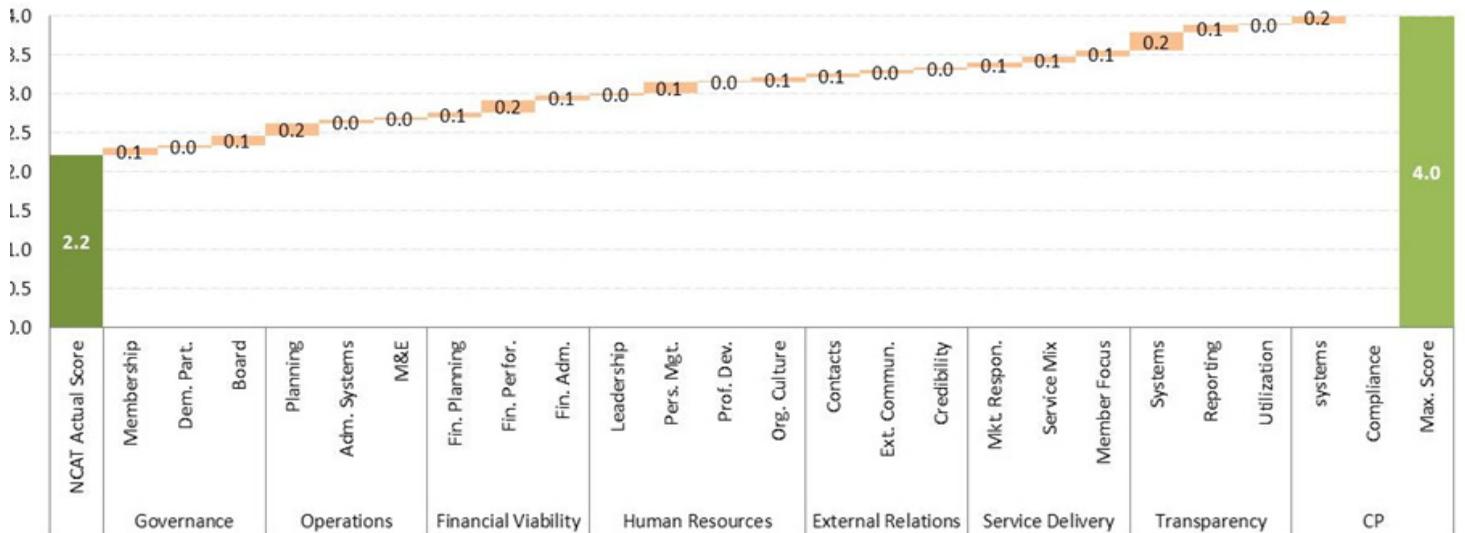


Level 3: Gap Analysis per Sub-Area

The third level gap analysis involves looking at the scoring gap for each sub-area within the context of the overall score. This will help identify key priorities amongst all the sub-areas of the capacity assessment. The score for each sub-area is calculated by dividing the impact for each sub-area within a capacity area (as calculated in the level 2 analysis) by the total number of sub-areas. This gives us the impact score for the sub-area on the overall score.

Based on the sub-area analysis in figure 10 below, the analysts should recommend that the association prioritize the implementation of the recommendations in the areas of Planning (0.2), Financial Performance (0.2), Systems (0.2), and Compliance (0.2).

Figure 10. Gap Analysis per Sub-Area



Chapter 4. Roles & Responsibilities

4.1 Schedule and Responsibilities of the Analysts

Although the NCAT can be used for a number of purposes, it was developed to be a facilitated assessment. This means the analysts are responsible for both assessing the association level of development, while at the same time facilitating a useful learning opportunity for the organization. This requires a high degree of preparation and organization, as well as transparent and open communication with the association before, during, and after the assessment.

5–6 WEEKS BEFORE THE ASSESSMENT

- Review objectives and expectations of the assessment process with association managers.
- Provide the association with the following information:
 - Overview and objectives of NCAT
 - Privacy agreement or letter³
 - Roles and responsibilities of association and of analysts
 - List of documents to be sent to the analysts for review 5–6 weeks prior to assessment (see annex 1)
 - List of documents to be reviewed during assessment (see annex 1)
- Receive all requested documentation from association.
- Provide guidance in the utilization of SEEP’s Member Feedback Tool (MFT; see chapter 2 for more information on this tool). If necessary, evaluate any current association member survey and whether it can be used in place of SEEP’s MFT.
- Establish dates for the association to administer the member survey.

2–3 WEEKS BEFORE THE ASSESSMENT

- Confirm the schedule of meetings with association management, members, and other key stakeholders.
- Confirm in-country travel schedule.
- Review all requested documentation from association.
- Develop preliminary financial performance analysis for the previous three-year period.
- Review the NCAT Scoring Tool in detail.

1–2 WEEKS BEFORE THE ASSESSMENT

- Finalize the meeting and travel schedules.
- Send the association a work plan with details of the assessment schedule.
- Check that all pending information or documentation has been received.
- Receive results of Member Feedback Tool.

DURING THE ASSESSMENT

- Discuss objectives and expectations of assessment process with association representatives.
- Respond to all questions and concerns.
- Finalize logistics.
- Confirm accuracy of financial performance analysis through review of source documents.
- Review any additional documentation.
- Interview association management, board members, staff, members, and industry stakeholders. (See annex 3 for suggested questions.)
- Develop preliminary NCAT scores (not to be shared with association until report submission).
- Prepare and present preliminary results of assessment to association representatives.

1–3 WEEKS AFTER THE ASSESSMENT

- Complete the NCAT scoring model.
- Prepare the first draft of report for association review.
- Receive comments from association on draft report.
- Develop and submit final NCAT report to association.
- If requested, facilitate a conference call or virtual meeting to present the final report to the association’s board.

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3. A sample letter can be obtained from the SEEP Network upon request.

4.2 *Schedule and Responsibilities of the Association*

Although the analysts must maintain their independence throughout an assessment, they will work closely with each association to facilitate the logistics and organizational details of the evaluation. The association should use this opportunity to interact more closely with its members, including contacting them about the assessment, recommending members for the analysts to meet, identifying upcoming meetings of its members, scheduling interviews for the analysts, providing a venue for interviews and group discussions (if needed), and coordinating the member feedback survey.

5–6 WEEKS BEFORE THE ASSESSMENT

- Work with the analysts to finalize dates for the assessment.
- Inform members of the upcoming assessment and its objectives and check their availability for participation.
- Administer a member survey (e.g., SEEP Member Feedback Tool or another tool agreed upon by the association and the analysts).
- Provide all requested documentation to the analysts (see the section “Off-Site Tasks” in chapter 2)
- Plan a preliminary schedule of interviews, based on the analysts’s recommendations:
 - Schedule meetings with the director, staff, board, selected members (ideally representing the association’s diversity in size, location, and type of member associations), and external actors (such as donors or relevant government officials).
 - Make recommendations to the analysts of possible member meetings.
 - Identify venues for meetings.
- Confirm travel logistics with analysts and assist as needed.

1–2 WEEKS BEFORE THE ASSESSMENT

- Finalize the schedule of meetings in consultation with the analysts.
- Finalize all in-country travel and hotel details, as needed.
- Send any additional documents requested by the analysts.

DURING THE ASSESSMENT

- Discuss objectives and expectations of assessment process with the analysts.
- Provide logistical support for the analysts as needed (e.g., pick-up from airport, attendance at meetings, translation if necessary, any hotel or travel changes, etc.)
- Assist the analysts with any necessary changes to the interview schedule.
- Provide additional documentation requested by the analysts (see the section “On-Site Tasks” in chapter 2).
- Organize the debrief meeting.

AFTER THE ASSESSMENT

- Respond in a timely manner to any follow-up questions or documentation requested.
- Provide comments to draft report if necessary.
- Share the final report with staff, board members, and other stakeholders as deemed appropriate.
- Schedule a virtual meeting or conference call for the analyst to present the final report to the board (optional).

ANNEXES

Annex 1. Documentation List

In order to use the time in the field as efficiently as possible, the association should provide the following documents to the analysts. It is not a problem if the association uses a different name for the document or has the information organized in a different manner; that is expected. The following are comprehensive lists of all documents that may be useful in the assessment. An association may not have all of these documents, but an assessment can still be performed using the information that is available.

CHECK LIST OF DOCUMENTATION TO BE SENT TO THE ANALYSTS 5-6 WEEKS PRIOR TO THE ON-SITE ASSESSMENT

- Association by-laws, constitutions, or other founding and current legal documents
- Mission statement
- Current list of association members, their locations, and basic indicators (for example, type of institution, number of clients, regional coverage, and outreach of member institutions)
- Membership criteria
- Association code of conduct or code of practice
- Member Feedback Tool or member satisfaction survey responses
- Board member profiles
- Organizational chart
- Previous NCAT evaluations or any other external evaluations
- Business, strategic, and annual plans
- Other planning documents, such as a SWOT (strengths, weaknesses, opportunities, threats) analysis
- Audited financial statements from the past three years
- Detailed income and expense information for financial performance analysis
- Financial performance reports
- Financial reports submitted to board of directors
- List of funders, donors, technical providers, government officials, and other external stakeholders
- Description of services, key activities, and programs
- Association's annual reports from the past two or three years
- Association communications to stakeholders and marketing materials (such as newsletters, briefs, e-mail updates to members, etc.)
- Advocacy plan
- Market research reports
- Benchmarking reports
- Industry reports/state of the sector reports/transparency reports

CHECK LIST OF DOCUMENTATION TO BE AVAILABLE WHEN THE ANALYSTS ARRIVE

(These documents will be reviewed during the assessment.)

- Description of board functions
- Minutes of board meetings
- Membership committee minutes
- Preparation materials for annual general meeting
- Minutes from annual general meeting
- Performance monitoring reports and monitoring and evaluation reports of members
- Systems and processes the association uses to collect/analyze/report member performance data
- Administrative manual(s)
- Budgets from the past three years
- Financial procedures manual and other reference manuals
- Employee manual
- Job descriptions of senior management and staff
- Salary grades
- Sample of individual work plans
- Performance evaluations of the executive director
- Sample of staff performance appraisals
- Service and event evaluations
- List of working groups, association-sponsored seminars and conferences, and attendance lists
- Project documents for donor-funded programs, partnership agreements, and Memorandums of Understanding (MoUs) with industry stakeholders, etc.

Annex 2. Site Visit Work Plan Template

On-Site Data Collection

DATE	ACTIVITIES
[Date]	ARRIVAL
[Date]	Meeting with executive director and board members of [ASSOCIATION] to review assessment methodology and schedule, as well as [ASSOCIATION]'s past activities and future plans (1 day)
[Date]	Review on-site documents (1 day)
[Date]	Meetings with donors that support microfinance in [COUNTRY] and key persons working on microfinance legislation in the government of [COUNTRY] (1 day)
[Date]	Group discussions and individual interviews with [ASSOCIATION] members (2 days)
[Date]	Travel to meet critical mass of members for group discussions and individual interviews (2–3 days)

Data Analysis and Assessment Presentation

DATE	ACTIVITIES
[Date]	Data analysis and tabulation of survey results (1–2 days)
[Date]	Presentation of assessment findings to [ASSOCIATION] management and members, with particular emphasis on [ASSOCIATION] strengths, weaknesses, opportunities, and threats (SWOT). Facilitation of an open discussion to receive feedback from [ASSOCIATION] members (1 day)
[Date]	Departure of analyst

Consolidation and Final Report Writing

DATE	ACTIVITIES
[Date]	Submit draft report to [ASSOCIATION]
[Date]	[ASSOCIATION] reviews draft and provides feedback
[Date]	Complete report and submit to [ASSOCIATION]

Annex 3. Interview Guide

GENERAL GUIDANCE FOR ANALYSTS ON DISCUSSION QUESTIONS

- The overall discussion guide may need to be adapted for individual or group interviews.
- These suggested questions are jumping-off points. In a short interview, you will not have time to get to all of them.
- Review the list of questions ahead of time to select those questions most relevant to the individual(s) being interviewed and their role in the association.
- It may be obvious, but it is very important to thank interviewees at the beginning and end for taking the time to talk with you. You may also wish to send thanks by email, which gives you an opportunity to ask any follow-up questions as well.
- Set the stage, and the ground rules, before you start. Explain the project using straightforward and clear language; avoid using complex terminology. Let interview participants know that you are taking notes or recording the conversation.
- Make sure interviewees understand that, while all information collected in interviews will inform the assessment, it will be used at an aggregate level and comments will never be attributed to a particular individual.
- Ask if they have any questions about the project or about the interview before you start.
- Let your first question be something along the order of, “Tell me a little bit about what you do with the organization.”
- Focus on the areas that seem to be the most interesting. It is better to gain insight into a few areas than to rush through the interview.
- Try to ask open-ended questions or ask participants to expand on short answers. Avoid questions that may put them on the defensive.
- Do not feel that you have to go down the list of questions one by one. Let the conversation flow naturally from topic to topic in a logical way. This should feel like a conversation.
- Feel free to re-word the questions to fit your own style of speaking.
- Ask the participants for examples, for stories, for actual measures. Probe interviewees to elaborate; for example, paraphrase his/her general comment, then ask, “Can you think of an example/story...?” or “Could you say a bit more about...?”
- People will tell you what they think is most important, which may not be exactly what you ask. This is fine, as long as it relates to the topic.
- Be sure to use language like “what do you think...” and “in your own words, how...?” People often try to use “official” language or give the “right” answer when talking about the company’s values, systems, or organizational structure. You are looking for their answers, not the “right” answers.
- Before you end the interview, ask, “Is there anything we have not touched on that you think is important for us to know?”

GOVERNANCE	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• Could you please tell me a little bit about your professional experience in the industry?	✓					
• What is your understanding of the mission and objectives of the association?	✓	✓	✓	✓	✓	✓
• What is the role of the board in helping the association fulfill its mission? How effective is the board effective in this role?	✓	✓	✓		✓	
• Has the mission of the organization changed or been updated recently? Why and how?	✓					
• What is the vision of the association with respect to sector representation?	✓	✓	✓			
• Do you consider the association to be representative of the sector? Why or why not?	✓					✓
• Tell me about the process for electing the board of directors.	✓					
• What are the main responsibilities of the association's board of directors? Of the executive director? Of senior management?	✓	✓	✓			
• Who can be a member of the association? Are members held accountable to performance standards and codes of conduct? How effective/useful are these systems?	✓	✓			✓	
• What kind of reports does senior management submit to the board? How often? How useful are these reports?	✓					
• How often does the board meet?	✓					
• Has there been any turnover of board members? How have these transitions been handled?	✓					
• Does the board have any committees? What are their responsibilities? Are these responsibilities documented?	✓					
• Does the board evaluate its own performance? How often?	✓					
• What are the most important challenges facing the association? What is the role of the board in helping the association meet these challenges?	✓					
• What are the rights of members with respect to the governance of the association? What opportunities do they have for decision making? Do you feel members are active in exercising their rights? Why or why not?	✓					
• What opportunities do members have to participate in decision making associated with association strategy? What about decision making with respect to governance? How are members kept informed of these issues? Do members feel informed enough to make these decisions?	✓	✓			✓	
• How would you describe the relationship between association members? What opportunities exist to build relationships among members?	✓	✓			✓	
• How do you envision the microfinance sector in five years?	✓	✓				
• How will the association respond to these changes?	✓	✓				
• Are the majority of MFIs operating in the country members of the association?		✓			✓	
• Is there a strategy to incorporate more MFIs in the country into the association?		✓			✓	
• How does an institution become a member of the association?					✓	
• How does the association learn about the needs of your institution?					✓	
• How are the needs of your organization reflected in the activities of the association?					✓	
• Do you participate in general assembly meetings? What normally occurs at these meetings?					✓	
• What do you consider to be the most important challenge(s) facing the microfinance sector? Has the association been effective at addressing these challenges?						✓

OPERATIONS	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• What was the process for developing the most recent strategic plan? What are the responsibilities of the board, staff, and members in this process? Who else is involved?	✓	✓	✓	✓	✓	
• What are your thoughts on the appropriateness of the current legal structure of the association? Are there any important limitations?	✓	✓				
• How are association decisions made regarding major programs and activities? Who contributes to the development of organizational plans? How?		✓	✓	✓	✓	
• What is the process for developing annual plans? How is the annual plan monitored? What is the relationship between the strategic plan and the annual plan?		✓	✓			
• Does the association's operating manual or manuals accurately reflect current operations? How is compliance ensured?		✓	✓	✓		
• Has the association been evaluated, formally or informally, prior to this assessment? How? Who conducted the evaluation?		✓				
• What was the impact of the previous NCAT evaluation on the association (or any other recent external evaluation if one has occurred)?		✓	✓			
• Has the association implemented any important innovations with respect to information technology that have impacted operations, service delivery, and/or communications processes? What has been the impact?		✓	✓			
• Do you have your own work plan? Is it aligned with the annual plan of activities?			✓	✓		
• Does your institution have a designated liaison with the association?					✓	
• Do you contribute in any way to the development of the association's organizational plans? How?						✓

FINANCIAL VIABILITY	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• What is the association's strategy with respect to financial sustainability? What are the goals? Is the association likely to reach its goals?	✓	✓	✓	✓		
• What are the financial goals of the organization for this year? How are they monitored?		✓	✓			
• Does the association have an annual budget? How is it developed? Is it ever reviewed or changed during the year? How is the budget monitored?		✓	✓			
• Does the association regularly prepare funding proposals? Have you read any of these proposals? What is your perception of their quality?		✓	✓			
• Does the association receive funding from the same donors that give funding to its members? Do you consider the association a competitor for donor funding?		✓	✓			
• Does the association ensure that activities are funded prior to launching new programs? Is this planning reflected in its annual work plan?		✓	✓			
• What types of funding does the association receive? How many sources of funding does it have? Is any of this funding for long term-operational support?			✓			
• Does the association produce budget comparison reports?			✓			
• Does the association have regular financial procedures and reporting systems?			✓			
• Are accounting systems in compliance with local laws governing the association?			✓			
• Does the association charge fees for its services? Do these fees contribute to covering the costs of these services? Are fees increasing as a source of association income?			✓			
• Does the association use any other cost-recovery mechanisms?			✓			
• How much is your institution's annual member contribution?					✓	
• What do you think your contribution pays for?					✓	
• Do you consider this contribution substantial? Reasonable?					✓	
• Does the association charge members for services, such as training, conferences, or other activities?					✓	
• What is your opinion of the association's approach to charging for services?					✓	

HUMAN RESOURCES	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• How would you describe the association's executive director? What are his/her strengths and weaknesses as a manager, leader, financial administrator?	✓				✓	✓
• Does he/she have a vision of the future of the microfinance sector? Of the association?	✓				✓	✓
• Who evaluates the performance of the executive director? How often? How would you rate his/her performance?	✓	✓				
• What is the process for reviewing staff performance? Is the staff aware of performance expectations and objectives?		✓	✓	✓		
• Does the association have documented statement of values? How were these values defined? Is the staff aware of the association's values? Do they understand them? Do you believe these values impact behavior or practices? How would you describe the organizational culture?		✓	✓	✓		
• Does the executive director regularly hold staff meetings? (If not, does another senior staff member lead such meetings?) How are these meetings organized? Do you consider them useful?		✓	✓	✓		
• Is staff encouraged to suggest new ideas or improvements, or to take initiative as appropriate? Can you provide an example?		✓	✓	✓		
• How does the association operate during the executive director's absence?		✓	✓	✓		
• What is the association's biggest challenge in managing the association's human resources?		✓				
• What would happen to the association if the executive director were to leave?			✓			
• Does the association organization have clear lines of authority and responsibility?			✓			
• How is staff hired? Promoted? Do they have job descriptions?			✓	✓		
• Does new staff receive employee orientation? How does this occur?			✓	✓		
• Does the association provide training or professional development to staff? What form does it take? How is it designed?			✓	✓		
• Do you consider your annual plan of activities to be realistic? Why or why not? Do you feel the association has sufficient staff to achieve its objectives?			✓	✓		
• How is staff informed of personnel policies? What does the personnel manual contain?			✓			
• How many people on the association staff are involved in accounting and budgeting matters? If several are involved, do they consult with one another when fulfilling their individual tasks?			✓			
• How would you describe the association's chair of the board? Do you consider him/her an effective leader?					✓	✓
• How would you rate the performance of the association's staff?					✓	✓

EXTERNAL RELATIONS	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• How well known is the association among MFIs? NGOs? By the general public?	✓	✓	✓	✓	✓	✓
• Has the association ever lobbied the government or a government agency on behalf of its members? What was the issue? How successful was the association in this endeavor? Who was involved?	✓	✓			✓	
• What do you feel is the association's biggest challenge in external relations? Why?	✓	✓	✓	✓	✓	✓
• How effective do you feel the association is in representing the interests of its members (and the microfinance industry) to the government? The microfinance sector? The general public? The media?	✓	✓	✓		✓	✓
• Does the association have a policy advocacy strategy? Who participates in the development of this strategy? How is the effectiveness of this strategy evaluated?	✓	✓	✓			
• Does the association engage the media? How? How effective has this been?	✓					
• Is the association a member of other national, regional, or international associations? How does it participate in their activities? Does the association hold any positions of leadership within these associations? What have been the benefits of this collaboration?	✓	✓				
• What kinds of government officials does the association have contacts with? Is the association well known among government bodies that work on microfinance issues? On general financial issues?		✓				
• How does the association interact with government bodies?	✓	✓				
• What kind of relationships does the association have with organizations beyond its members? Other associations in the country or region? How has the association collaborated with these organizations? What have been the benefits of this collaboration?		✓	✓			
• What kind of contacts does the association have in the private sector, with other NGOs, or academic institutions? How has the association collaborated with these organizations? What have been the benefits of these relationships?		✓	✓			
• What contacts does the association have with funders or investors? How have these relationships been initiated? What kind of information does the association provide these organizations?		✓	✓			
• Describe the association's relationship with the media? How often does the association engage the media? In what manner? Do you consider the use of the media effective? Why?		✓	✓			
• Does the association generate and distribute financial reports to its members? How often?			✓			
• Does the association provide members and/or donors with information about the microfinance sector in the country? Does it regularly prepare and distribute such information?			✓			
• How frequently is the association contacted by donors or investors and other stakeholder seeking information on microfinance in the country or region? Who requests the information? What is the quality of the information provided?			✓			✓
• What kinds of events does the association organize? What kinds of organizations and representatives does the association invite to such events?			✓			
• What is the nature of your collaboration with the association? Has the relationship met your expectations? Why or why not?						✓

SERVICE DELIVERY	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• How does the association learn about the needs of its members?	✓	✓	✓	✓		
• What are the principal needs of the members? How are these needs being met by the association?	✓	✓	✓	✓		
• What is the association's biggest challenge in delivering services?	✓	✓	✓	✓	✓	
• How does the association assess the potential demand for a new service (for example, size of market, willingness to pay for services)?		✓				
• What information do you have about other existing service providers? How has the association utilized this information?		✓				
• Has the association made adjustments to its products and services based on member's feedback? Could you provide examples?		✓	✓			
• What new services is the association offering this year? How does the association decide to offer new services?		✓	✓	✓	✓	
• Have any services been eliminated?			✓			
• Does the association assess member satisfaction? How? How often?			✓		✓	
• Do members have the opportunity to interact and learn from one another? How?			✓		✓	
• What kind of market research is performed by the association (assessment of demand and supply)? How does this information inform strategic and/or operating plans?			✓			
• What were your reasons for joining the association?					✓	
• What services does your institution receive from the association? Please cite a specific example.					✓	
• Does the association distribute information on member activities? What is your opinion of these reports? Association communication in general?					✓	
• Does the association conduct industry research? What is your opinion of the quality of these reports?					✓	
• Can you give a specific example of a direct impact or benefit that an association service has had on your institution?					✓	
• Where can the association improve its services? How can it increase its impact on member performance?					✓	
• How well do association services respond to your needs?					✓	
• Is association staff responsive to member needs? Do they understand these needs?					✓	
• Do you find the training offered by the association satisfactory? Why?					✓	
• Aside from training, does the association provide other services or information to improve member performance?					✓	

TRANSPARENCY	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• Please describe the association's services and initiatives in the area of promoting sector transparency.	✓	✓	✓	✓	✓	✓
• Are members required to submit any financial and social performance information to the association? If yes, can you describe what kind of information is required, how often/frequency, and the process to submit this information to the association?	✓	✓	✓	✓	✓	
• Are members required to submit financial and social indicators to regulators? If yes, how often?	✓	✓	✓	✓	✓	
• How many of the association members report to MIX? / Do you report to MIX? If yes, how many members send both financial and social performance data? How many send just financial performance data?		✓			✓	
• Does the association produce consolidated reports with financial performance data? How often? What is your opinion of the quality of these reports? Who uses/consults these reports?					✓	✓
• What other transparency reports does the association produce (such as social performance monitoring, benchmarking, risk assessments)? How often? What is your opinion of the quality of these reports?					✓	✓
• In addition to the association, what other organizations produce industry reports, if any? What is the quality and frequency?	✓	✓			✓	

CONSUMER PROTECTION	Board Members	Exec. Director	Senior Mgmt	Assoc. Staff	Assoc. Members	External Stakeholders
• Does the association's code of conduct include standards for consumer protection? If yes, how are these upheld? Are there any sanctions for non-compliance? If yes, please describe.	✓	✓			✓	
• Please describe what kind of support/services/initiatives the association provides in the area of consumer protection. What kind of client protection awareness building activities does the association facilitate?	✓	✓	✓	✓	✓	
• What kinds of mechanisms exist in the market to handle client complaints?	✓	✓	✓	✓	✓	
• How many of the association members have endorsed The Smart Campaign?	✓	✓			✓	✓
• How does the association monitor its members' pricing calculation and disclosure practices?		✓			✓	
• Is the interest rate calculation for microfinance products standardized? If yes, who requires this standardization? (e.g. The association? Required by law? Etc.) If no, please describe how members/ financial service providers calculate interest rates.	✓	✓	✓		✓	✓
• How can clients and others access pricing information for microfinance products? Are these accessible and comparable?	✓	✓	✓		✓	✓
• What kinds of client information exchange mechanisms exist in the market? Such as credit bureaus, etc. What kind of client data is shared? How many members participate/report?	✓	✓			✓	✓

Additional Questions

Any other regional or national associations that operate in the same market:

- What is the association's reputation at the national level? At the international level (if applicable)?
- Can you give an example to support your assessment of the association's reputation?
- If the association is a member of your national, regional, or international association, how does it contribute to activities of your organization?

Key Government Body:

- Is the association well known among government bodies that work on microfinance issues? On general financial issues?
- How is your / your department's interaction with the association?
- Has the association ever lobbied the government or a government agency on behalf of its members? What was the issue? How successful was the association in this endeavor?

Annex 4. Template for NCAT Debrief Presentation (PowerPoint presentation)

Name of Association

Network Capacity Assessment
Preliminary Findings & Recommendations

Name of Analysts
Location
Date

1

Agenda

- Appreciations
- Overview of the NCAT process
- Microfinance in the [region]: Key Stakeholders
- Preliminary findings and recommendations
- Next steps
- Discussion and feedback

2

NCAT Objectives

For example

- Identify strengths and areas of improvement for the network at a certain moment in time.
- Provide recommendations for improving the capacity of the network.
- Use the information collected as a benchmark to measure the development of the organization over time.
- [Additional objectives for the network, if applicable]

3

NCAT Process Overview: Areas of Association Effectiveness

- Governance
- Operations
- Financial Viability
- Human Resources
- External Relations
- Service Delivery
- Transparency
- Consumer Protection

4

NCAT Process Overview: Stages of Development

3.0-4.0 MATURE	A vibrant, responsive institutional structure is in place. Fundamentals for association excellence are functioning at a high level.
2.0-3.0 EXPANDING	A solid institutional structure is in place. Fundamentals for association excellence are functioning. The association has a track record of achievement and is recognized by key stakeholders.
1.0-2.0 EMERGING	A basic institutional structure is in place. Fundamentals for association excellence are beginning to take shape.
0.0-1.0 NASCENT	Is in the earliest stage of development; just beginning to develop an institutional structure. Fundamentals for association excellence are rudimentary or non-existent.

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Assessment Agenda

- Overview of visit
- Number of members interviewed
- Number of board members interviewed
- Number of staff interviewed
- Number of external stakeholders interviewed
- Brief description of key documents, surveys, etc. utilized by analysts.

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NCAT Framework

GOVERNANCE	Membership	Association membership is representative of the market and is defined and held accountable by common standards of performance and practice.
	Democratic Participation	The association has a participatory decisionmaking process supported by transparent and consensus-oriented systems.
	Board of Directors	The board of directors is accountable to the membership and provides effective leadership in fulfilling the association's mission.
OPERATIONS	Planning	The association utilizes a comprehensive and participatory system of planning to define its priorities and organize activities in the short and long term.
	Systems	Systems are in place to ensure efficient flow of information, compliance, and transparency.
	Monitoring and Evaluation	The association monitors and evaluates its performance on a regular basis and utilizes information gathered to make improvements and ensure accountability.
FINANCIAL VIABILITY	Financial Planning	Financial planning is an integral part of short- and long-term organizational plans, and appropriate financial performance measures are used to set goals and monitor performance.
	Financial Performance	Financial performance measures—associated with earned income, the development of operating reserves and operational efficiency—are strong and show positive trends.
	Financial Administration	Financial administration processes are transparent and provide the necessary level of control to ensure that resources are used efficiently and for their intended purpose.
HUMAN RESOURCES	Leadership	Association leaders consistently demonstrate success in carrying out the mission of the organization and are influential in shaping the future of the sector.
	Personnel Management	Personnel management policies and processes are clearly documented and communicated, and adequately meet the needs of the association in its present stage of development.
	Professional Development	The association prioritizes the professional development of its staff.
	Organizational Culture	The association has a dynamic and open organizational culture.

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NCAT Framework (continued)

EXTERNAL RELATIONS	Contacts	The association successfully draws guidance and information from its close contacts with a diverse range of microfinance industry stakeholders to achieve its organizational objectives.
	External Communications	The association has a clear communications strategy that effectively targets a diverse range of microfinance stakeholders.
	Credibility	The association is recognized as an important and capable representative of the microfinance sector and effectively advocates on behalf of its members.
SERVICE DELIVERY	Market Responsiveness	The association is market oriented and responsive to changing conditions.
	Service Mix	The association's core services are well designed and reflect its comparative advantage.
	Member Focus	The association is driven by the needs and demands of its members.
TRANSPARENCY	Systems	The association has the necessary systems and procedures in place to promote data collection and reporting in the market it serves.
	Reporting	The association is considered the primary source of financial and social performance data for the industry.
	Utilization	The association produces reports on financial and social performance that are demand driven and meet the needs of a wide array of stakeholders.
CONSUMER PROTECTION	Systems	The association represents its members to relevant industry regulatory body for consumer protection.
	Compliance	Clear and accurate information is readily available concerning the price, terms and conditions of financing and clients are well informed about their rights and regulations.

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Findings & Recommendations

Include a series of slides as follows

- Governance
 - Key findings
 - Key Recommendations
- Operations
 - Key findings
 - Key Recommendations
- Financial Viability
 - Key findings
 - Key Recommendations
- Human Resources
 - Key findings
 - Key Recommendations

9

Findings & Recommendations (continued)

- External Relations
 - Key findings
 - Key Recommendations
- Service Delivery
 - Key findings
 - Key Recommendations
- Transparency
 - Key findings
 - Key Recommendations
- Consumer Protection
 - Key findings
 - Key Recommendations

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Next Steps

For example

- Complete Evaluation Report
- Submit draft to association
- Collect and incorporate feedback on draft report from association
- Submit Final Evaluation Report (NCAT)
- Utilize Evaluation Report, Industry Assessment and network member satisfaction survey as basis for developing strategic and business plan 2009-2011.

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Questions & Feedback

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Annex 5. Final Report Template

Executive Summary

- Brief background of SEEP and NCAT
- Objectives of assessment
- Sponsoring organization or program
- Dates of evaluation
- Brief description of assessment process
- Explanation of overall NCAT score
- Graph of overall score and stage of development⁴

Introduction

MICROFINANCE IN [COUNTRY OR REGION]

- Economic Overview: Brief overview of macroeconomic condition of country
- Microfinance Activities in [Region]
- History of and operating environment for microfinance activities
- Key external and internal factors that impact the delivery of microenterprise services, such as the policy environment and conflict vulnerability factors
- Key trends in the sector (*TIP: Try to avoid a lot of text and list main issues using bullet points. This information may come from interviews as well as a literature review.*)

ASSOCIATION BACKGROUND

- Date of establishment, location
- Reason for its creation
- Vision, mission, goals, and objectives
- Services, programs, and activities
- Institutional evolution
- Organizational chart
- Description of member institutions (table with statistics if available)
- Regional coverage and outreach of member institutions (if available)

STAKEHOLDER INTERESTS

- Donor relations and support
- Linkages with national and international organizations

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4. See figures 5 (Score Overview), 6 (Scores by Area), and 7 (Gap Analysis)

Report Template – Table of Contents

Executive Summary

Introduction

- Microfinance in (Country or Region)
- Association Background
- Stakeholder Interests
- Objectives of the Network Capacity Assessment

The Assessment Process

- Evaluation Methodology and Tools
- Network Capacity Assessment Tool (NCAT 5.0)
- Scoring

Constraints to Assessment Process

Analysis of Findings

- Governance
- Operations
- Financial Viability
- Human Resources
- External Relations
- Service Delivery
- Transparency
- Consumer Protection

Conclusions

- Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis
- Summary of Recommendations
- Overall Score

Report Annexes

Supplementary Reports

OBJECTIVES OF THE NETWORK CAPACITY ASSESSMENT

(Select those that are applicable and include other objectives as appropriate.)

- Assess the association's current operations.
- Assess the association's current stage of development.
- Assess the responsiveness of the association to its members.
- Examine the financial position of the association and its sustainability strategies.
- Review the mission and objectives of the association and provide feedback and recommendations.
- Evaluate the present organizational structure.
- Identify institutional and operational strengths and weaknesses.
- Assess the level of member satisfaction with programs and services offered.
- Determine the extent to which information sharing, peer learning, and mentoring have been achieved.
- Review and recommend changes to criteria for membership.
- Determine what benefits members derive from belonging to the association.
- Evaluate the present financing structure and operating costs.
- Recommend alternative ways of achieving financial viability.
- Provide recommendations for future association plans.

The Assessment Process

EVALUATION METHODOLOGY AND TOOLS

- **Review of documentation:** Description; examination of documentation and relevant information provided by association secretariat and board of directors (plus annex to report with a list of references to documents, manuals, or other sources utilized in the assessment process)
- **Interviews with association, board, management, staff:** Synopsis including number of board members, managers, and association staff interviewed
- **Interviews with industry stakeholders:** Synopsis including number of industry stakeholders interviewed
- **Interviews with members:** Synopsis with specific number of members interviewed (plus annex to report with a list of all individuals' names and positions interviewed)
- **Member Feedback Tool** (or other association membership survey): Description with number of members who completed the survey

NETWORK CAPACITY ASSESSMENT TOOL (NCAT) 5.1

- Include overview and objectives from *NCAT Guide*.

SCORING

The NCAT comprehensive scoring methodology utilizes a “roll-up calculation” scoring system.

1. The analyst assesses the verification items. (A score is provided in the Scoring Tool for each verification item.)
2. The score of an individual indicator is the sum of its verification items.
3. Sub-area scores are the average of their respective indicator items.
4. Area scores are the average of all indicators within the area (as opposed to averages of the sub-areas). Because some sub-areas have more indicators and some have fewer, the averages allow for certain sub-areas to carry more weight than others.
5. The total NCAT score is the average of the eight area scores.

Constraints to Assessment Process

Mention any constraints or challenges faced during the assessment process that may have affected the findings

Analysis of Findings

Describe how the data was analyzed within the NCAT framework. Here is a sample introduction:

After the data was collected, it was analyzed by grouping information under each of the capacity areas: governance, operations, financial viability, human resources, external relations, service delivery, transparency, and consumer protection. Tables were prepared listing the indicators to be rated under their respective capacity areas. The final rating for each area is listed in the tables below, followed by a detailed explanation of the ratings, plus additional information and recommendations.

GOVERNANCE

- Table: Scoring Tool → Scoring: Tables → Table 2.1⁵
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.1
- Graph: Scoring Tool → Scoring: Graph → Graph 3.1

OPERATIONS

- Table: Scoring Tool → Scoring: Tables → Table 2.2
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.2
- Graph: Scoring Tool → Scoring: Graph → Graph 3.2

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5. The tables and graphs listed in these subsections refer to the actual ones in the Scoring Tool. See also example table 3 and example figure 9 in this document.

FINANCIAL VIABILITY

- Table: Scoring Tool → Scoring: Tables → Table 2.3
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.3
- Graph: Scoring Tool → Scoring: Graph → Graph 3.3

HUMAN RESOURCES

- Table: Scoring Tool → Scoring: Tables → Table 2.4
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.4
- Graph: Scoring Tool → Scoring: Graph → Graph 3.4

EXTERNAL RELATIONS

- Table: Scoring Tool → Scoring: Tables → Table 2.5
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.5
- Graph: Scoring Tool → Scoring: Graph → Graph 3.5

SERVICE DELIVERY

- Table: Scoring Tool → Scoring: Tables → Table 2.6
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.6
- Graph: Scoring Tool → Scoring: Graph → Graph 3.6

TRANSPARENCY

- Table: Scoring Tool → Scoring: Tables → Table 2.7
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.7
- Graph: Scoring Tool → Scoring: Graph → Graph 3.7

CONSUMER PROTECTION

- Table: Scoring Tool → Scoring: Tables → Table 2.8
- Description of findings
- Numerated list of recommendations
- Graph: Scoring Tool → Scoring: Graph → Graph 2.8
- Graph: Scoring Tool → Scoring: Graph → Graph 3.8

Conclusions

In this section, the analysts should provide a summary of findings organized as a SWOT analysis.

STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT) ANALYSIS

Summary of Observations Presented as a SWOT Analysis

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

SUMMARY OF RECOMMENDATIONS:

Additionally, analysts may include a summarized list of recommendations organized according to the eight capacity areas, listed in the “Analysis of Findings” above.

OVERALL SCORE

Description of associations overall score as per the NCAT Scoring tool and related stage of Association Development. Description and interpretation of Gap Analysis from NCAT Scoring tool.

TABLE: SCORING TOOL → SCORING: TABLES → TABLE 1.0

GRAPH: SCORING TOOL → SCORING: TABLES → GRAPH 1.0

GRAPH: SCORING TOOL → SCORING: TABLES → GRAPH 3.0

(If available, include graph comparing current assessment with previous NCATs. See NCAT comparability in the Scoring Tool.)

Report Annexes

- List of individuals interviewed
- List of documents, manuals, and other source documents utilized

Supplementary Reports

- Financial performance analysis spreadsheet and graphs
- Member Feedback Tool final report

About SEEP

SEEP is a global learning network. We explore strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve the quality of their lives.

Founded in 1985, SEEP was a pioneer in the microcredit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades our members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the world's poor.

SEEP members work together and with other stakeholders to mobilize knowledge and foster innovation, creating opportunities for meaningful collaboration and—above all—for scaling impact.



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