

IPL GUIDE 5

Impact Planning and Learning



Capabilities Profiler

A guide to help organizations and their constituents assess and profile their potential to effectively bring about sustainable social change

September 2006

Keystone operates on open source principles. We invite you to share your experience and learning from use of this tool with us and other users through our website at www.KeystoneAccountability.org

The complete IPL tool suite

Keystone has developed IPL for organizations seeking to improve the way that they can contribute to significant and lasting change.

The present tool is part of the IPL tool suite that helps organizations create a framework for developing strategies, building partnerships, planning interventions, gathering evidence of success or failure and, most importantly, analyzing and learning from this evidence through open generative dialogue among constituents and stakeholders who have a real interest in change.

1. IPL - An overview and service offering

- 1.1 The overview
- 1.2 The Keystone service offering

2. Developing a theory of change

A guide to developing a theory of change as a framework for inclusive dialogue, learning and accountability for social impact.

- 2.1 Imagining success
- 2.2 Pathways to outcomes
- 2.3 Becoming eco-intelligent
- 2.4 From theory to strategy

3. Learning with constituents

A guide to identifying, documenting and analyzing evidence of impact (planned or unplanned), and learning from this in dialogue with constituents.

Introduction to evidence and dialogue

- 3.1 Whose voices matter? - mapping constituents and stakeholders
- 3.2 Gathering and documenting evidence of impact - journals of change
- 3.3 Gathering and documenting evidence of impact - dialogue methods
- 3.4 Gathering and documenting evidence of impact - Feedback surveys

4. Validated impact reporting

A guide to communicating your effectiveness and your learning through public, constituency-validated reports.

5. Capabilities profiler

A guide to help organizations and their constituents assess and profile their potential to effectively bring about sustainable social change.

Part 1

About the Capabilities Profiler

Introduction

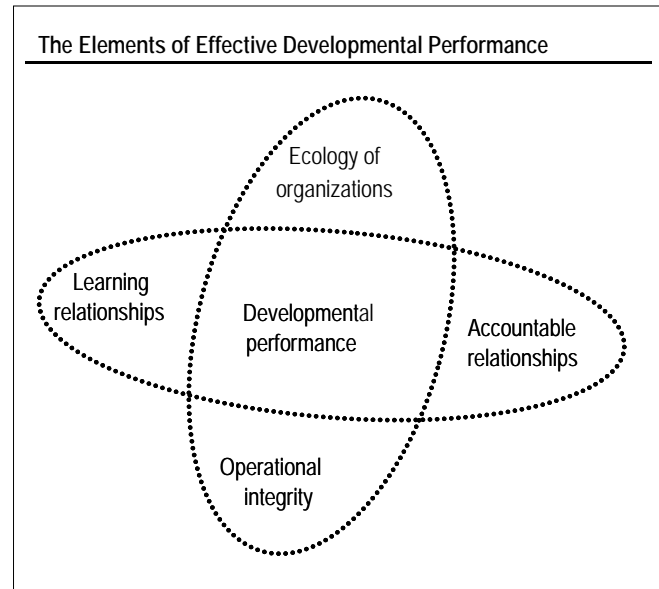
Present systems of planning, measuring and reporting that are applied by donors and civil society organizations working for social change outcomes often work against the achievement of real and lasting social *development*¹.

We define *development* here as not simply 'doing for people' or 'transferring resources'. Development is a *process* of conscious action leading to fundamental and sustainable change in human or environmental well-being.

Developmental processes are often complex, long-term and involve different actors working alongside people, especially the vulnerable and marginalised, to maximise their ability to shape the conditions, institutions, systems and relationships that impact on the quality of their lives.

Organizations that seek to bring about lasting developmental change need to think developmentally, and find new ways of planning, measuring and communicating their work in terms of processes leading to long term developmental outcomes.

Keystone and its partners are co-creating a method of planning, learning and reporting that builds a deeply developmental practice and enables organizations to plan, measure and credibly communicate their contribution to lasting developmental change or impact.



¹Most planning and measurement approaches (such as logical frameworks etc.) tend to emphasise pre-determined and short term outputs rather than long term developmental outcomes. While these approaches have in many cases brought greater efficiency and a business-like approach to development work, there is a growing consensus that they have also often discouraged a developmental practice by focusing on outputs rather than process and outcomes, oversimplifying cause and effect, reinforcing vertical relationships of accountability and discouraging transparency, flexibility, creativity and learning.

We use the term *developmental performance* as shorthand for describing effective performance towards fundamental and sustainable social change outcomes. The key to effective developmental performance, we argue, lies in three organizational capabilities:

Accountability: How do we empower and balance stakeholder voices so that they participate actively in the high level deliberations around strategy, planning and how we measure success?

Strategy: How do we understand our role within an ecology of social change actors and plan for collaborative action that will enhance solutions to the problems we face?

Operational integrity: How efficiently and transparently do we manage our resources and honour the commitments that we make?

The Keystone Capabilities Profiler is a first attempt to design a tool that will help organizations, donors and stakeholders assess an organization's *capabilities to contribute effectively to meaningful and lasting social development*.

What is different in Beta 4?

In testing the Beta 2 version of the Capabilities Profiler with some of our pilot organizations, we found a number of problems. Beta 3 began to address some of these, but its release was overtaken by another round of changes leading to this version: Beta 4.

1. The first difference is conceptual. In discussion with our partners, we came to the conclusion that there were actually only three core capabilities as outlined in the introduction above. This has helped resolve problems of repetition and overlap that bedevilled the previous assertion of four capabilities.
2. The second difference is the length. We were told that at 20+ pages, Beta 2 and 3 were too long and cumbersome, and so we have tried to reduce the number of capabilities and indicators to those that we feel are most essential. It could be simplified and reduced even further during the next round of testing and discussion.
3. The third difference is structural. For each of the three core capabilities, we have identified a small number of component elements (or sub-capabilities) that together make up the capability. These are the statements in bold text. Then for each component capability, we identify a set of 'indicators' – statements that would constitute evidence of the degree to which the capability is present or absent in the systems and practices of the organization.
4. Our greatest challenge remains how to reduce subjectivity and make the tool more objective, even though some of the indicators remain relatively intangible process indicators. In this new structure we have tried to write the indicator statements as objectively as possible.

However, we are aware that we need to do more than this. One possible solution is to produce a companion guide to the profiler which describes as accurately as possible the objective criteria that would warrant a 5,4,3,2 or 1 rating against that particular indicator. An example of this is illustrated in appendix 1. And we are seeking feedback on this before we apply it to the whole tool. We feel that this approach would enable us to reduce the number of indicators considerably – so might not make the tool too cumbersome.

5. We hope that with greater objectivity in the statements, comparing the ratings of different stakeholders will add a degree of authority and assurance to the ratings. But we need to maximise this.
6. About process. We are currently exploring different processes for completing the profiler. The recommended process in this version is derived from the experience of PACT in their OCA (Organizational Capacity Assessment) programme. In this context it is seen as part of a deep process of organizational self-reflection and development. But there are different ways of integrating the tool into an organization's learning rhythms depending on what you using it for, and we hope to catalogue these as they are developed through the pilots.
7. Finally, in its present form this tool still only measures the degree to which a capability is present in the systems and practices of organizations. The next challenge is find ways of factoring in actual performance data into the scoring of capabilities.

KEYSTONE WILL USE DATA FROM THIS PROFILER ONLY FOR THE PURPOSE OF IMPROVING THE PROFILER.

Using the profiler

The profiler can be used to provide quick once-off 'snapshots' of an organization's capabilities. Or it can be used as the 'backbone' of a deep process of organization self-reflection and development.

We recommend the following process for completing the profiler if you want to derive optimum learning, and maximise the consistency, validity and reliability of the results². The process will probably work best initially with the help of a trained facilitator:

1. Decide on a representative 'cohort' to take part in the assessment. Try to select a small but representative group of management, staff and selected external stakeholders³ to ensure inclusivity and balanced perspectives from groups with an interest in, or who are affected by the organization.
2. Decide on a date and time for a profiling meeting. Ideally you should allow 6-8 hours. To ensure that all capabilities are covered, the time available should be divided into three equal sessions, each corresponding to one of the three capabilities. Each participant is given their own personal copy of the profiler.
3. The facilitator allows a certain amount of time of detailed discussion around each of the capability statements and indicators. Discussion should focus on participants recording as many actual events, processes and other evidence that they think constitute real evidence of the presence or absence of the capability. Through this, terms, ideas and concepts will be clarified and a measure of analytical consistency is achieved.
4. Following the discussion, each participant then scores the organization against the indicators individually – and without reference to anyone else's scoring. This process gives some of the richness and learning of a focus group as well as the precision of an individual survey.
5. At the end of each session, the facilitator adds up the scores noting areas of consensus and divergence. The organization *should not seek consensus on all issues, but try to capture the learning that emerges out of differing assessments*.
6. Finally, it should attempt to arrive at a consensus score that all parties feel is an accurate representation of the organization's self assessment of its capabilities at this time.

² The essence of this process is derived from the participatory assessment process developed and researched by PACT (www.pactworld.org) as part of their OCA programme.

³ These should include one or more representatives of the organization's constituents, a member of the board or senior management team, or a partner or member of an organization that you collaborate with.

Scoring in the Profiler

The capability statements in bold express an essential component of the core organizational capability. Beneath each of these are indicators of the degree to which this capability is present or absent in the organization's systems and processes.

Respondents are asked to rate the **degree** to which each indicator is reflected in the organization's current systems and practices.

- 5 Extremely capable - beyond expectation
- 4 Very capable – high levels of capability in most areas
- 3 Capable – acceptable levels of performance in these areas, but could improve
- 2 Developing capability - some capability in these areas, but not enough to be seen as capable
- 1 Incapable

If the discussion has been thorough, and those in a position to know have been able to provide enough evidence, respondents should be able to make a judgement on all items. If they feel unsure, they should be encouraged to ask for evidence during the discussion phase.

The first time the profiler is used, the assessment should be seen as generating a **baseline profile** of the organization. Subsequent profiling meetings can measure progress in capability development in relation to the baseline profile. Results of the self-profiling activity can also be used to stimulate wider discussion and learning with stakeholders. And once results from similar organizations are collated, it may be possible to develop some sense of a self-generated 'industry standard' for CSOs working in related contexts and fields.

Honesty and a spirit of critical reflection are essential for learning and credibility. The open discussion in which participants are clearly identified, and reflect different interests and perspectives, helps to foster this. It lends credibility and integrity to the results.

We are acutely aware of the problems of most existing organizational rating systems that claim to offer objective 'seals of approval' for donors and investors in social change. But we also acknowledge the demand for systems that provide a degree of quality assurance. Keystone is working with a number of grant makers, social change market places and consultants to discover ways in which validated self-profiling and reporting can become an effective and credible tool to inform such investment decisions.

A credible quality assurance must go beyond tick boxes of simplistic operational practices. It must be sensitive to context and process and focus on relationships and results as seen by those most affected. We also feel that an organization that generates a credible profile and can demonstrate real progress in developing its capabilities over time, even if from a low base, can be more credible, and attract higher levels of support, than organizations that claim high levels of capability from the start.

However, where self-profiles are built into public ratings and assurance mechanisms, various other quality assurance mechanisms may be necessary. This could include independent peer reviews, third party audits and real-time 'first person voice' feedback mechanisms similar to those used in on-line market places such as eBay and Amazon.com. Certainly those submitting profiles as part of a quality assurance mechanism will be required to sign a declaration attesting to the authenticity of their process and their results, and there would be penalties for deliberate misrepresentation.

What are the anticipated benefits of using this tool?

This tool seeks to provide a *starting point* from which an organization can reflect on its current systems, culture, practices and relationships, and how these might be developed to contribute more meaningfully to its intended outcomes. As the organization applies Keystone learning and reporting processes, it can also be used repeatedly to track and report on the organization's *growing capabilities* from the perspective of different stakeholders.

Where organizations and grantmakers are working with the Profiler together, it begins to reframe their relationship in a learning-based reporting method that enhances the developmental effectiveness of both parties.

Our Challenge: Together we seek to develop a learning and reporting system that generates the kind of mutual accountability, confidence and trust that will enable the relationships in development work to change from a traditional top-down provider-receiver model into effective developmental partnerships.

Using the tool, it is possible to:

- Build, over time, the kind of mutual accountability, confidence and trust that allows investors to behave differently: to enable flexible grantmaking that is not tied to rigid, narrow outputs, enables learning and accountability, and a move to long term relationships based on learning about progress towards long term developmental outcomes.
- **Reflect on the organization's capability** to contribute effectively to long term, sustainable developmental outcomes, and to help it, and its stakeholders (notably donors) plan to strengthen those capabilities.
- **Align its strategies, systems and practices into a consciously developmental practice**, and identify what forms of support (financial and non-financial) will best enhance its impact.
- **Move beyond measuring what is easily countable** and begin to find ways of measuring what really *counts* in development.
- **Strengthen the organization's awareness** of the actors within its activity ecosystem, and how its relationships with other actors can be enabling or disabling.
- **Track systematically the organization's progress in developing its capabilities** and hopefully attract investment and support from its donors for this.
- **Open dialogue possibilities** with key stakeholders about what strategies will enhance the achievement of shared outcomes.
- **Negotiate new learning and reporting practices with donors** that enhance deep mutual accountability and learning about what works best in development and builds relationships of confidence and trust.

We value your feedback on any aspect of the thinking, the content and application of this tool. Please complete the attached evaluation form and email it to info@keystoneaccountability.org or andre@keystoneaccountability.org.

To download the Keystone Capabilities Profiler, go to www.keystoneaccountability.org/tools.

Key terms used in the Profiler:

Accountability: How organizations hold themselves to account externally, especially to those they affect most, and internally to their values and their mission. Our understanding of accountability goes beyond simply complying with the demands of those with the power to demand accountability. It involves developing mutually accountable learning relationships among organizations, their constituents and donors that enhance developmental processes and outcomes.

Developmental performance and developmental impact: Applying a developmental approach to social change - not simply 'doing for people' or 'transferring resources', but working alongside and maximising people's ability, especially the vulnerable and marginalised, to influence and shape the conditions, institutions, systems and relationships that impact on the quality of their lives.

Stakeholders: all people and institutions that are affected positively or negatively by its decisions and actions.

Primary stakeholders or Constituents: Those groups or communities that are **most affected** by the organization and in whose name the organization defines its mission. A commonly used term is 'beneficiary' - but the passivity that this term implies makes it unsuitable in developmental processes.

Stakeholder dialogue: Dialogue involves an exchange of views and opinion. It seeks to explore different perspectives and needs with a view to creating a shared understanding, trust and agreement on future action. It requires transparency and trust. It requires all parties to be willing to listen, learn, and then act in good faith. The language and form of the dialogue should empower vulnerable stakeholders rather than exclude them, and make sure that it is not a one-way communication. Stakeholder dialogue is usually long term.

Activity ecosystem: The system of actors that influence the outcomes (positively or negatively) that the organization wishes to achieve. All organizations work within a complex and dynamic ecosystem of people and organizations acting simultaneously. Current reporting and funding practices often reinforce competition and insular mindset among actors working on the same problem. The keystone method seeks to encourage the opposite: to reward actors who seek ways of building alignment and collaboration within an ecosystem.

Ecosystem thinking and the collaboration capability: the understanding that complex and sustainable social change is seldom brought about by an organization acting in isolation. The capability to think systemically and collaborate effectively will enhance both the impact of the organization itself and the activity ecosystem as a whole. It implies mapping actors (people and institutions) that form part of an organization's space of activity, and developing strategic alignments and collaborations that enhance overall impact of all parties.

Learning at organizational and societal level: Learning that enhances the developmental impact of organizations - but also that enables replication and scalability and enhances the developmental effectiveness of partnerships and collaborations across the different sectors of society: business, civil society and government. Learning involves interpreting evidence of success, or otherwise, against a theory of change and being able to generalize from the specific experience. It enables the organization to identify success factors and principles and that apply across contexts and that can be adapted to different contexts.

Organization: the broad spectrum of organizations that exist primarily to create public, as opposed to private, benefits. It includes those generally known as civil society organizations (CSO) and non-governmental organizations (NGO) - but working in relationships with other organizations from government and business who may also seek to support social developmental outcomes.

Outcomes: are lasting developmental results or changes that an organization wants to bring about in their society. They are the reason why the organization exists.

Outputs: the activities, products and services that an organization *does* (workshops, shelters, training materials, advice, etc.). The outputs help the organization achieve its desired outcomes, but outputs are a means to and end - they are not the end itself.

Theory of Change: A theory of change is an explanation of how the organization thinks that social change is brought about. It then identifies the essential preconditions that are need for this change to occur. These preconditions enable the organization to trace a number of 'outcome pathways': visible and measurable short- and medium-term outcomes that will lead to its long term goals. Finally, it includes a reference to other actors working in parallel and complementary ways in order to achieve that change, which identifies the long-term relationships needed with other actors in order to achieve its impact.

Part 2

The Keystone Capabilities Profiler

Accountability

By accountability we mean how organizations hold themselves to account externally, especially to those they affect most, and internally to their values and their mission. Our understanding of accountability goes beyond simply complying with the demands of those with the power to demand accountability. It involves developing mutually accountable learning relationships among the organization, its constituents and its donors that enhance developmental processes and outcomes.

There is a clear statement of mission and values to which the organization holds itself accountable in all its processes and activities.

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| 1. A clear vision statement describes the desired conditions, relationships and capabilities that the organization wishes to help bring about for specific groups and/or contexts. | 5 | 4 | 3 | 2 | 1 |
| 2. A mission statement describes in broad terms <i>how</i> the organization intends to achieve its vision. | 5 | 4 | 3 | 2 | 1 |
| 3. The organization publicly ascribes to a statement of values or code of ethics. It could create its own or adopt / adapt a code from elsewhere. | 5 | 4 | 3 | 2 | 1 |
| 4. The vision and mission are periodically reviewed with its constituents and other stakeholders. | 5 | 4 | 3 | 2 | 1 |

The organization has a credible and competent governing body that reflects key stakeholder groups in its decision making.

1. The governing body has a written charter outlining its membership, its responsibilities, and how decisions are taken. 5 4 3 2 1
2. Its membership includes representatives of the organization's primary stakeholders. 5 4 3 2 1
3. The members of the governing body possess the key competencies required to carry out its responsibilities effectively. 5 4 3 2 1
4. The governing body actively oversees the strategy of the organization as well as its financial and performance reporting. 5 4 3 2 1
5. The governing body works in a transparent and accountable way by making records of its discussions and decisions available and responding to feedback from staff and stakeholders. 5 4 3 2 1

The organization engages its stakeholders⁴, especially its primary stakeholders or constituents⁵, in ways that are inclusive, responsive and specifically address imbalances of power.

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| 1. The organization has identified and analysed its stakeholders with clear descriptions of who they are, what interests are represented, and an explanation of the issues that are important to each. | 5 4 3 2 1 |
| 2. The organization has identified its constituents (primary stakeholders). | 5 4 3 2 1 |
| 3. There is a clear policy and plan that outlines a systematic process of stakeholder dialogue. This sets out the roles, responsibilities and rules/principles of engagement. It is periodically reviewed with its stakeholders. | 5 4 3 2 1 |
| 4. The organization systematically identifies less powerful stakeholder voices and consciously empowers them to participate actively in high level dialogue on mission, strategies and how success is measured. This could be through the use of appropriate dialogue tools and methods that are sensitive to, and help overcome, language and cultural barriers to proper participation. | 5 4 3 2 1 |
| 5. The organization seeks stakeholder input on <i>all material issues</i> that significantly affect stakeholders or in which groups have a legitimate interest. This specifically includes active participation of primary stakeholders in high level decision-making such as developing the organization's theory of change, its strategic plans and how it will seek to measure its success. | 5 4 3 2 1 |
| 6. The organization's communication with stakeholders is appropriate and accessible. This means that it uses media and methods of dialogue that are accessible to primary stakeholders and do not inhibit their participation. | 5 4 3 2 1 |
| 7. The organization is responsive to feedback it receives from stakeholders. The organization can demonstrate high levels of stakeholder satisfaction with its responsiveness and can show specific examples of how learning from primary stakeholders has led to meaningful changes in the plans, activities and relationships of the organization that are consistent with mission and values. | 5 4 3 2 1 |
| 8. Accountability practices are embedded in the systems, activities and culture of the organization. Most staff and stakeholders feel that their views on all issues are taken seriously by leadership and are responded to with due consideration and consistently with mission and values. | 5 4 3 2 1 |

⁴ **Stakeholders:** all people and institutions that are affected positively or negatively by its decisions and actions.

⁵ **Primary stakeholders or Key Constituents:** Those groups or communities that are **most affected** by the organization and in whose name the organization defines its mission.

The organization monitors and evaluates its performance through ongoing processes of dialogue and learning with stakeholders.

1. The process of learning with stakeholders takes the form of an *ongoing dialogue*. This means that the organization consciously seeks feedback on its activities from stakeholders in an ongoing way, and regularly shares its learning from this feedback. 5 4 3 2 1
2. The organization encourages critical reflection on its work among all primary stakeholders, and is responsive to the feedback it receives. This leads to meaningful changes in the plans, the activities and the relationships of the organization with others. 5 4 3 2 1
3. All stakeholders are encouraged and empowered to gather and contribute evidence of success against the defined indicators on an ongoing basis. This could include formal processes such as surveys, 'juries' and focus group discussions as well as informal processes of training stakeholders in what to look for, recording stories of significant change and other techniques. 5 4 3 2 1
4. The organization maintains an appropriate knowledge management system in which performance evidence is recorded in a form that will contribute to learning. This could be anything from a simple paper filing system to a computer database as long as it enables effective recording and learning from stakeholder feedback. 5 4 3 2 1
5. The organization provides practical means for its primary stakeholders to hold it to account for the commitments it makes. This would include a system for recording complaints. Feedback and/or complaints from stakeholders are dealt with appropriately and in good time by those responsible within the organization. 5 4 3 2 1

The organization’s public reports accurately reflect the organization’s experience, its reflections with stakeholders on its experience, its learning from this reflection and how it intends to respond in the future.

1. The organization plans regular, formal opportunities for critical reflection and learning – assessing its strategies, activities and achievements against its theory of change. Reflections and resulting decisions are recorded in ongoing reflective reports. 5 4 3 2 1
2. The organization produces a public report on its performance at least once a year that is accessible to its primary constituents and reflects their voice on the strategic reflections. 5 4 3 2 1
3. The annual report honestly reflects the voices of all significant stakeholders on the extent to which its programme activities, its collaborations, its stakeholder engagement and its organizational processes and practices have contributed to achieving its intended outcomes. Where there are different views these are faithfully reflected. 5 4 3 2 1
4. The annual report reflects the learning of the organization and its stakeholders and an outline of what it plans to do going forward. 5 4 3 2 1

There is an appropriate process of verification and assurance of information that is contained in its reports.

1. Reports faithfully reflect all divergent views where these occur – even where there is conflict and disagreement. Decisions are justified with reasons. 5 4 3 2 1
2. Reports are made available before publication to primary stakeholders in an appropriate review process, and their feedback is incorporated. Key stakeholders are required to ‘sign off’ reports as faithfully reflecting their inputs and participation – and are afforded the opportunity to comment. 5 4 3 2 1
3. The organization makes use of some kind of appropriate independent monitoring and evaluation to verify reports. This could be an informal system of third party review to formal in depth evaluation. 5 4 3 2 1

Strategy

Sustainable change in the 'well-being' of people and communities is complex and depends on many different factors. Effective social change organizations need to plan for results that will contribute in meaningful ways to bringing about sustainable long term solutions to the problems we face. At the same time, lasting solutions to problems and complex social change is seldom achieved by one organization working in isolation.

A plausible theory of change helps organizations understand how their work and their relationships are contributing to complex, long term social change. It provides a clear framework within which organizations can plan their activities, conduct their stakeholder dialogue, learn and communicate their success.

A theory of change also helps organizations understand their own work in relation to the *activity ecosystem* in which they operate. It provides the basis for a learning system that weaves organizations, their key constituents and their investors into a relationship of mutual accountability and learning for social change outcomes. It helps the organization forge and manage strategic collaborations and partnerships that can lead to greater impact.

The organization has a plausible theory of change that reflects the voices of stakeholders and evolves as the organization learns from its dialogue and its practice.

1. The organization has a clear description of the long term change or *social change outcome* it wants to see in a specific and well defined group or community. This is a shared picture of what ultimate success would look like that incorporates the views of key constituents. 5 4 3 2 1
2. The organization, together with its key constituents, has identified the *essential elements of success*: the changes in the conditions, behaviours, relationships and capabilities of people and/or communities without which complete success is not possible. They are also written in the form of *social change outcomes*. 5 4 3 2 1
3. For each of the essential elements, the organization has identified a plausible set of *preconditions* that it believes must happen in order to achieve success. Preconditions of success are written in the form of short and intermediate term *social change outcomes*. They describe 'pathways of change' – achievable results that enable an organization to assess its contribution to the long term vision of success. 5 4 3 2 1
4. The theory of change has been presented in such a way that all primary stakeholders can discuss it, understand it, and help shape it. 5 4 3 2 1

The organization’s strategies and how it will measure success are informed by its theory of change and by stakeholder voice.

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| 1. The organization develops strategies that it thinks will help it contribute meaningfully to achieving the short and intermediate term outcomes as outlined in its theory of change. | 5 4 3 2 1 |
| 2. The organization consciously seeks the views of its primary stakeholders as it develops its strategies and plans its activities. Key constituents understand the purpose of particular activities, and the assumptions and risks involved. | 5 4 3 2 1 |
| 3. The organization has developed, with its stakeholders, a set of <i>success indicators</i> that describe concrete evidence of success – real observable changes in the conditions, behaviours, relationships and/or capabilities of target groups that would indicate progress towards intended outcomes. | 5 4 3 2 1 |

The organization understands its activity ecosystem. It plans its work in relation to other actors and where appropriate seeks to foster collaborations that enhance social outcomes.

An activity ecosystem is best understood as a network of actors engaged in parallel activities that consciously or unconsciously can influence the outcomes that the organization seeks to achieve.

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| 1. The organization has identified ALL the different actors in the activity ecosystem that actually and potentially influence the outcomes it seeks to achieve. | 5 4 3 2 1 |
| 2. The organization consciously seeks to establish collaborative relationships with actors in its ecosystem that might enhance its own effectiveness, and the effectiveness of the activity ecosystem as a whole. ⁶ | 5 4 3 2 1 |
| 3. The organization manages its relationships and partnerships effectively. For example, there are clear shared objectives, the inputs, roles and responsibilities of the different parties are clearly defined, and there is an agreed process for measuring results. | 5 4 3 2 1 |

⁶ The activity ecosystem map includes both those actors that are working for similar outcomes in its context, and those actors whose primary purpose may be different, but who can still enhance outcomes in a meaningful way. The organization is able to form working relationships of different kinds – from loose alliances of organizations seeking to align their efforts more, to occasional collaborations on specific campaigns or issues, to long-term partnerships for change in which partners plan together, contribute resources and share the credit or the returns.

Operational Integrity

This capability refers to the organization's capability execute strategy and to manage its operations well (its leadership styles and practices, governance, financial management, human resource management etc.) and ensure that these are aligned with its values and mission. It refers also to financial integrity and the capability to ensure and demonstrate that resources are used in proportion to outputs and achievements.

Financial management and reporting is transparent, accessible and accountable⁷.

1. A financial plan is prepared for all of the costs of running the organization every year, and is approved by the governing body. Spending is managed, and all transactions recorded, within the budgets allocations. 5 4 3 2 1
2. The organization produces accurate, accessible and sufficiently detailed financial reports at least once a year, which staff and stakeholders (especially key constituents) understand and are able to respond to freely and confidently. 5 4 3 2 1
3. Financial statements are reviewed every month by a senior manager, and at least every six months by a competent member of the governing body or trustee. 5 4 3 2 1
4. There is a written policy setting out which members of staff can authorise expenditure and all transactions require the appropriate authorisation. 5 4 3 2 1
5. The finance staff has the capacity (time and skills) to carry out all financial activities, and managers are able to manage budgets and apply controls effectively. 5 4 3 2 1
6. Every transaction is written down in a cashbook. The cash book is kept up to date and the balance reconciled with bank statements every month. 5 4 3 2 1
7. The balance in the cashbook is reconciled to the balance on the bank statement every month for every bank account, and checked by a senior manager or trustee. 5 4 3 2 1
8. The organization keeps supporting documents (receipts, invoices, bank statements) for all financial transactions in an easily accessible filing system for up to seven years, so that they can be easily inspected by any person with a legitimate interest. 5 4 3 2 1

⁷ One possible alternative measure might be that the organization achieves a certain grade on an appropriate financial management standard such as the MANGO financial health check or equivalent.

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| 9. All bank accounts are held in the name of the organization, not in the name of individuals. All assets owned by the organization are recorded in an Asset Register. | 5 4 3 2 1 |
| 10. A qualified independent person selected by the governing body carries out a financial audit once per year. | 5 4 3 2 1 |

Transparency, learning and responsiveness are embedded in the organizational culture and there is regular, inclusive reflection on organizational practice and performance.

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| 1. There is a clear and conscious commitment in the organization, especially from leadership, to nurture a culture of critical reflection and learning among staff and stakeholders. | 5 4 3 2 1 |
| 2. The organization plans regular, formal opportunities for critical reflection and learning – assessing its activities and achievements against its theory of change and preset indicators of success. | 5 4 3 2 1 |
| 3. Staff at all levels are encouraged to look for and record evidence of success or failure on an ongoing basis, and there is a system for managing and sharing this knowledge. | 5 4 3 2 1 |
| 4. The organization makes learning and sharing information a clear criterion for assessing staff performance in performance appraisals, and gives staff time and opportunity to reflect and share learning with others. | 5 4 3 2 1 |
| 5. Managers encourage new ideas, approaches and experimentation and acknowledge that mistakes are an inevitable part of this. | 5 4 3 2 1 |
| 6. Staff and primary stakeholders feel safe and free to enquire about, and challenge, the organization's strategic decisions and performance. | 5 4 3 2 1 |
| 7. The organization consciously seeks to learn from the practices of others and acknowledges the source of its learning. | 5 4 3 2 1 |

The organization and its staff/representatives honour undertakings and commitments made to internal and external stakeholders.⁸

- 1. The organization uses its resources in the ways it has undertaken, and does not deviate from this without formal prior approval from its investors. 5 4 3 2 1
- 2. The organization carries out its activities and outputs to the best of its capability, and accounts to its constituents when plans are not fully realized. 5 4 3 2 1
- 3. There are appropriate complaint and redress mechanisms by which staff and constituents can hold those in authority to account where undertakings are not met 5 4 3 2 1
- 4. There are appropriate performance management processes in place to manage staff performance within agreed standards of performance 5 4 3 2 1

⁸ These last two capabilities might be better assessed with performance data more relevant in integrated systems and performance profiles.

Appendix 1

Scoring sheet.

Section 1 ACCOUNTABILITY

| Component statement | Indicator | Score |
|---|-----------|-------|
| There is a clear statement of mission and values to which the organization holds itself accountable in all its processes and activities. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| The organization has a credible and competent governing body that reflects key stakeholder groups in its decision making. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| The organization engages its stakeholders, especially its primary stakeholders or constituents, in ways that are inclusive, responsive and specifically address imbalances of power. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| | 6 | |
| | 7 | |
| | 8 | |
| The organization monitors and evaluates its performance through ongoing processes of dialogue and learning with stakeholders. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| The organization's public reports accurately reflect the organization's experience, its reflections with stakeholders on its experience, its learning from this reflection and how it intends to respond in the future. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| There is an appropriate process of verification and assurance of information that is contained in its reports. | 1 | |
| | 2 | |
| | 3 | |
| TOTAL ACCOUNTABILITY | | |

Section 2 STRATEGY

| Component statement | Indicator | Score |
|---|-----------|-------|
| The organization has a plausible theory of change that reflects the voices of stakeholders and evolves as the organization learns from its dialogue and its practice. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| The organization's strategies and how it will measure success are informed by its theory of change and by stakeholder voice. | 1 | |
| | 2 | |
| | 3 | |
| The organization understands its activity ecosystem. It plans its work in relation to other actors and seeks to foster collaborations that enhance social outcomes. | 1 | |
| | 2 | |
| | 3 | |
| TOTAL STRATEGY | | |

Section 3 OPERATIONAL INTEGRITY

| Component statement | Indicator | Score |
|---|-----------|-------|
| Financial management and reporting is transparent, accessible and accountable. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| | 6 | |
| | 7 | |
| | 8 | |
| | 9 | |
| | 10 | |
| Transparency, learning and responsiveness are embedded in the organizational culture and there is regular, inclusive reflection on organizational practice and performance. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | |
| | 6 | |
| | 7 | |
| The organization and its staff/representatives honour undertakings and commitments made to internal and external stakeholders. | 1 | |
| | 2 | |
| | 3 | |
| | 4 | |
| TOTAL OPERATIONAL INTEGRITY | | |

Appendix 2

Example of an expanded guide to the Keystone capabilities profiler.

Organizations do not have to match exactly the criteria given as evidence of capability. They are simply asked to select the statement that most closely matches their current reality.

Component capability

The organization engages its stakeholders, especially its primary stakeholders or key constituents, in ways that are inclusive, responsive and specifically address imbalances of power.

Indicator

The organization systematically identifies less powerful stakeholder voices and consciously empowers them to participate actively in developing mission, strategies and how success is measured.

| Rating | Illustrative evidence of capability |
|--|--|
| <p>5 Extremely capable - beyond expectation</p> | <p>The organization has analysed its key constituents and makes a conscious effort to empower them to play an active role in decision-making and in measuring success. It is prepared to invest considerable time and effort in this learning. They routinely use participatory dialogue tools and methods that specifically enable vulnerable voices to be expressed and are sensitive to, and help overcome, language and cultural barriers to proper participation. Key constituents are encouraged to participate in both formal and informal evaluation of programmes and activities. The most marginal people among their constituents would usually be disproportionately represented in their stakeholder dialogues.</p> |
| <p>4 Very capable – high levels of capability in most areas</p> | <p>The organization has analysed its key constituents and consults with them periodically. It does not have a great deal of time and resources to spend on this and in spite of the good intentions, this is sometimes more like consultation than true dialogue. They sometimes make use of participatory dialogue tools and methods that are sensitive to, and help overcome, language and cultural barriers to proper participation. The most marginal people among their constituents would usually be fairly represented in their stakeholder dialogues.</p> |
| <p>3 Capable – acceptable levels of performance in these areas, but could improve</p> | <p>The organization has analysed its key constituents and consults with them periodically – but often this is only to seek feedback on decisions taken elsewhere. Also, they are not really sensitive to power differences within stakeholder groups and do not use techniques that will enable less confident voices to be heard. They occasionally make use of participatory dialogue tools and methods that are sensitive to, and help overcome, language and cultural barriers to proper participation. The most marginalized voices would be present, but probably still on the margins of stakeholder dialogue.</p> |
| <p>2 Developing capability – limited capability in these areas</p> | <p>Participation is seen as a ‘nice to have’ and happens occasionally – but no real time or effort is spent on this kind of deep stakeholder dialogue. Little effort is made to differentiate among stakeholders, and more powerful voices are allowed to dominate the dialogues when they occur.</p> |
| <p>1 Incapable</p> | <p>The organization does not have a clear sense of who its key constituents are and does not involve them in its high level deliberations – though it might conduct some one way consultations in the form of surveys.</p> |