



Human and Institutional Capacity Development (HICD) Policy Paper

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HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT (HICD) POLICY PAPER

The following paper sets forth a new United States Agency for International Development (USAID or the Agency) Policy for Human and Institutional Capacity Development (HICD).

I. PURPOSE

This Policy document re-establishes the importance of an integrated HICD plan to promote effective and sustainable U.S. foreign assistance, and provides USAID operating units with guidelines for integrating an HICD approach into strategic planning and activity design and implementation. The objective of this paper is to provide policy guidance on how best to consistently apply the HICD approach in existing program planning, design, and implementation so that the impact of USAID investments across all sectors is increased, and barriers to successful individual and institutional performance are decreased.

*For purposes of this Policy, **Human and Institutional Capacity Development (HICD)** is defined as a series of structured and integrated processes designed to remove significant barriers to the achievement of an institution's goals and objectives. HICD involves the systematic analysis of all the factors that affect performance, followed by specific interventions that address gaps between desired and actual institutional behaviors.*

To help foster program sustainability, as part of its overall development approach, USAID must integrate organizational performance and human capacity development using a range of activities to strengthen the abilities of its public and private sector partners.

II. BACKGROUND AND RATIONALE

Achieving development objectives requires a clear understanding of the capacity of individuals and the organizations in which they work, as well as the range of factors that influence their performance. An integrated approach to assessing HICD offers a strategic and systemic¹ approach to identifying and addressing performance gaps.

¹ Systemic refers to the interactions between the different levels (individual, organizational, and institutional). Not only skills and organizational procedures but also issues of incentives and governance must be reviewed. *Guidelines for Capacity Development in the Education Sector; within the Education for All-Fast Track Initiative Framework*, February 2008.

Training and education can be important to implementing an HICD strategy. For example, in southern Sudan, an HICD assessment that called for the return of skilled and experienced Sudanese from the diaspora as volunteer health and education trainers helped the mission to pursue the foundation for “a just and durable peace.” In Indonesia, an HICD assessment identified the need for a training program for a new generation of civic, economic, and government leaders at academic institutions in the United States, third countries, and at home.

Adequate and timely responses to the needs of public and private institutions are also important aspects of an HICD strategy. For example, in Macedonia, the State Commission for Prevention of Corruption received USAID assistance to develop a performance monitoring system, organize a donor meeting on corruption, and conduct a performance assessment of the Secretariat of the Commission. The country’s State Education Inspectorate also benefited from portable computers, staff training to use the equipment, and the creation of a personnel system.

In Kosovo, an HICD review assisted the Ministry of Justice in its decision to improve its mentoring programs through internships for law students in various departments within the ministry. This led to a stronger Legal Affairs Department as a result of a series of legal drafting courses for staff and visits from legal experts who were brought in for group mentoring.

If U.S. foreign assistance is to be more effective, and its impact more sustainable, the targeted countries must have organizations and institutions² capable of cultivating individuals with the knowledge, skills, and abilities needed to engage in economic and social development. This capacity must be determined during program/project design and integrated into implementation to help ensure a high rate of return on U.S. assistance investments—both in the short and long term, and across sectors and country types (rebuilding, developing, and sustaining). The need to enhance human and institutional capacity may outweigh other mission goals and objectives and thus warrant a review and shift in funding priorities accordingly.

² If institutions can be defined as “rules of the game,” organizations are how we structure ourselves to play the game. The key distinction between institutions and organizations is that of rules and players, according to North, Douglass C. *Institutions, Institutional Change and Economic Performance*, 1990, New York: Cambridge University Press) and the OECD/DAC 2006 Reference Document “The Challenge of Capacity Development.”

III. POLICY STATEMENT

It is USAID policy to integrate a human and institutional capacity development approach when conducting regional, country, or sector strategic planning and when designing new development activities. Regional and pillar bureaus must address the integration of human and institutional capacity development when approving USAID-specific regional, country, or sector strategic plans.

IV. PROGRAMMING CONSIDERATIONS

The following considerations **should** guide implementation of the Agency's HICD policy, and can help bureaus and missions determine whether the integration of human and institutional capacity development has been appropriately addressed:

- Once an assistance objective or development activity is selected, **operating units should identify potential institutional weaknesses** that could limit the intended development impact and ensure that they are appropriately addressed. Operating units can determine the basis for this assessment and may draw upon analyses conducted by other donors, USAID staff, or contractors, as needed.
- **An operating unit's HICD approach should be described (in one page or less) in USAID strategic planning documents**, and include information on:
 - How U.S.-sponsored programs contribute to local efforts to build and maintain human and institutional capacity.
 - How HICD will benefit or advance other assistance goals and objectives.
 - Illustrative interventions.
 - Description of desired results.
- **Incorporate HICD approach at the Activity Level:** Develop new activities and projects using the HICD approach. For each new activity, the operating unit should outline (in one page or less) the most significant HICD issues that need to be considered during activity implementation. Performance measures and targets should be identified at the activity design stage.

- In support of the HICD strategic approach, particular care should be given to **ensure gender balance and inclusion of disenfranchised groups** including, but not limited to, youth, ex-combatants, ethnic minorities, trafficked persons, and persons with disabilities.
- **This policy applies to new projects and activities**, and the Acquisition and Assistance (A&A) awards implementing them, that were undertaken after the issuance of the HICD policy. However, all operating units are encouraged to use the HICD approach whenever possible.
- **Emergency and transition assistance activities are exempted from the HICD policy.** These include: (1) humanitarian and emergency disaster assistance; (2) transition assistance activities, including those funded from the Transition Initiative account; and (3) emergency food aid, authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480).

HICD approaches may include the following:

- **Consider the full range of factors that affect organizational performance** when planning and designing projects, including information, resources, incentives, knowledge/skill gaps, capacity, and motives.
- **Coordinate HICD approach and implementation with other donors.**
- **Build on existing successful and promising institutional performance improvement activities of USAID operating units.**
- **Develop, strengthen, and draw upon local and regional capacity** for assistance with HICD performance assessments, analyses, program design, and implementation. Special attention should be given to working with the local private sector, nongovernmental organizations, and tertiary education institutions. However, be aware of possible organizational conflicts of interest that may limit participation by these organizations in future A&A actions (for more guidance on organizational conflicts of interest see current on-line versions of Automated Directives System (ADS) Sections 201.3.4.2, 202.3.9, and their Additional Help Document entitled “Legal and Policy

Considerations When Involving Partners and Customers on Strategic Objective Teams and Other Consultations”, 302.3. 4, and 303.3.6.4).

- **Implement the HICD policy in a manner consistent with partner country plans and United States Government commitments under the Paris Declaration on Aid Effectiveness.** For example, consider using partner country systems to implement activities and build capacity at the same time; training and technical assistance is to be aligned and coordinated with the host country plans and other donors’ assistance.
- **Incorporate measuring and reporting on HICD results into Operational Plans** (through customized indicators as appropriate) **and Performance Monitoring and Evaluation Plans**, where appropriate. Focus on tangible, measurable performance improvement with short-, medium-, and long-term results.
- **View the Agency’s HICD policy and programming considerations as a flexible and scalable** approach to be pursued within the context of each Mission’s existing operational structure and strategic priorities.
- **Incorporate an HICD approach into statements of work or program descriptions for contracts, grants, and cooperative agreements when appropriate.**

V. TECHNICAL RESOURCES AND REFERENCES

Guidance and resource materials, including lessons learned, promising approaches, planning aids, and technical assistance to help missions implement the HICD policy will be available from USAID/Washington.

VI. DEFINITIONS

Human Capacity Development: Within USAID, Human Capacity Development currently refers mainly to training of short- and long-term duration held in the home country, the United States, or a third country. Types of training include technical training, study visits, leadership development, academic degree studies, and non-degree research. Participants are usually drawn from the public or private sector organizations with which a USAID mission is partnered in a development project, and may be mid- and high-level managers, local leaders, teachers and education administrators, technicians, and nongovernmental organization (NGO)

staff. All training helps individuals acquire new skills, knowledge, and attitudes critical to the achievement of USAID goals.

Human and Institutional Capacity Development: A series of structured and integrated processes designed to remove significant barriers to the achievement of an institution's goals and objectives. HICD involves the systematic analysis of all the factors that affect performance, followed by specific interventions that address gaps between desired and actual institutional behaviors. HICD interventions include training to address skill and knowledge gaps, and to deal with other performance barriers such as dysfunctional organizational structure, unsupportive work atmosphere, or lack of necessary tools and incentives. Success of training and other capacity development interventions is measured by improvement in overall organizational performance and output, not the number of individuals trained.

Humanitarian and Emergency Disaster Assistance: Emergency assistance (to meet immediate short-term needs) is designed to save lives, alleviate human suffering, and reduce the social and economic impact of natural and man-made disasters worldwide. Usually, humanitarian and emergency disaster assistance is distinguished from development assistance programs which typically have longer-term objectives of promoting economic growth, social welfare, and democratic governance.

Operating Unit (USAID only): An operating unit is the organizational unit that implements assistance activities and is, therefore, responsible for writing planning and activity design documents. An operating unit, for the purposes of this paper, includes USAID country missions, USAID regional platforms, and USAID/Washington bureaus or offices.

Transition Assistance: Short-term transition assistance aims to advance peace and democracy, and prevent and mitigate causes of violence in priority countries facing recent or advancing crisis.