



USAID
FROM THE AMERICAN PEOPLE

HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT (HICD) FRAMEWORK



BACKGROUND

To sustain the positive development outcomes we achieve through our programs, it is critical for USAID to listen to local actors as we plan, design, implement, and measure our local capacity strengthening efforts.

Local capacity strengthening is a core component of USAID programming. In 2022, the Agency released its new Local Capacity Strengthening Policy which defines local capacity strengthening as "a strategic and intentional investment in the process of partnering with local actors— individuals, organizations, and networks—to jointly improve the performance of a local system to produce locally valued and sustainable development outcomes." Through this policy, the Agency establishes a shared vision and approach to local capacity strengthening based on a set of principles that guide USAID's humanitarian assistance and development programming. These principles ensure coherence in the implementation of local capacity strengthening across sectors and diverse contexts to support local actors in owning and managing their progress.

To take a more systematic and holistic approach to local capacity strengthening, USAID created the Human and Institutional Capacity Development (HICD) framework. Applicable to any type of organization¹ in any sector, the HICD framework encourages the development community to co-design technical assistance alongside local partners. The framework establishes that efforts must be made to support an organization's ability to achieve their own goals, design and implement local solutions to development challenges, learn and adapt, and innovate in order for local capacity strengthening to succeed. Using the HICD framework is one example of how USAID can put the Local Capacity Strengthening Policy into action during activity design so that local partners can better serve their constituents and sustain development interventions in the long run.

¹ An organization is a group of people who work together in an organized way for a shared purpose, whereas institutions are the social and legal norms and rules that underlie economic and social activity ([USAID, 2020](#)).

PRINCIPLES FOR LOCAL CAPACITY STRENGTHENING

Principles for Effective Programming	1	Start with the local system. Decisions about why and when local capacity strengthening can contribute to more positive and sustainable change should be made together with local actors and begin with understanding the local system.
	2	Develop diverse capacities through diverse approaches. USAID should seek to understand the diverse priorities, strengths, and goals of local actors, and decisions about which programming approaches to implement should be made collaboratively with local actors and take into account their varying levels of agency, power, and access to resources.
	3	Plan for and measure performance improvement in collaboration with local partners. Since capacity is a form of potential that is not visible until it is exercised, programming must plan for and measure improved performance—not latent capacity. It is through performance, or the exercise of capacity, that local actors demonstrate achievement of their own development priorities. Decisions about which performance goals to embrace must be made in collaboration with local actors.
Principles for Equitable Partnerships	4	Align capacity strengthening with local priorities. Programming should embrace the spirit of “nothing about us, without us” and strengthen capacity that balances local priorities with USAID priorities.
	5	Appreciate and build on existing capacities. When providing local capacity strengthening support, USAID should adopt an asset-based approach that supports local communities to identify their own strengths and envision ways they can use those assets to meet the needs of their community.
	6	Be mindful of and mitigate the unintended consequences of our support for local capacity strengthening. USAID staff should explore their own biases and assumptions before engaging local actors, take steps to prevent local partners from conforming to donor priorities, and recognize power imbalances among local actors in the local system.
	7	Practice mutuality with local partners. To facilitate a positive partnership, USAID should approach local capacity strengthening from a mindset of mutual respect and trust, recognize the different goals, aspirations, and incorporate adequate time and resources into program design for co-creating solutions to help build trust.

By adhering to these principles while facilitating local capacity strengthening activities, USAID can support local actors to express their voice, exercise their unique capabilities, and lead their country’s development.

Additionally, the HICD framework (among other approaches) offers a process that contributes to the Agency’s Standard organizational performance improvement indicator, [CBLD-9](#).



In Rwanda, cooperative leaders participate in a work planning activity.

USAID'S APPROACH TO LOCAL CAPACITY STRENGTHENING

Historically, USAID has often pursued capacity strengthening through large investments in training. Training is a structured experience that assists individuals in acquiring new knowledge, skills, and/or attitudes.

USAID understands that training does not have an impact until the knowledge or skills have been successfully applied and results in a measurable performance improvement. In a [2019 study](#) on small and medium enterprise (SME) development, USAID learned that while training was offered in the majority of USAID programming, it had very little impact on behavior change overall. Training alone is often insufficient to achieve organizational performance improvement goals or higher level development outcomes. Therefore, it is important to use a range of approaches and consider other organizational factors, such as the institutional culture and norms, to achieve the desired organizational performance results.

“
Before this [HICD] project, much of the focus for capacity building was on training individuals. But [when you] train a good individual, he goes back to a system that is not well-functioning and your training will go to waste.”
- Joseph Rurangwa,
COR of USAID/Rwanda's
HICD Development Project

An event	A process
Follow-up with individual performers	Continuous measurement process
Based on learner needs	Based on organizational needs
Evaluated by individual performance	Evaluated by organizational performance
Focus on one or few individuals	Focus on systems approach to improve performance
Single type of performance solution	Multiple types of performance solutions
Training needs assessment	Performance assessment
Results-oriented at participant level	Results-oriented at organizational level
Can be ad hoc	Must be systematic

In addition to the HICD framework, USAID uses a few different methods to assess and structure performance improvement processes of local partners and the systems in which they operate, including:

- **Organizational Performance Index (OPI) Tool:** A tool for catalyzing work on specific areas of an organization’s effectiveness, efficiency, relevance and sustainability.
- **USAID Organizational Capacity Assessment (OCA):** A self-assessment tool for an organization to reflect on and rate itself in several common areas of internal function. It uses discussion around scoring to anchor an action planning process.

While a variety of tools are available, it is important to consider the applicability of each available resource and make decisions according to the local partner’s identified needs. HICD is a comprehensive capacity action planning tool that provides a step-by-step process for local actors to identify organizational process improvement priorities in which USAID and/or international partners play facilitative and supportive roles. It can be used together with or independently of other capacity action planning tools.

THE FRAMEWORK

HICD is a framework of structured and integrated processes designed to identify opportunities to strengthen local organizations’ performance, unlock those opportunities through a variety of performance solutions, and enable processes of continuous performance improvement through monitoring systems.

Goal: HICD's goal is to assist local organizations in improving performance so that they can achieve their shared goals and objectives. In undertaking HICD processes, framework users can strengthen their local partners' abilities to more effectively serve their stakeholders and increase the effectiveness of ongoing technical assistance provided by the United States Government (USG) and other donors.

Three Levels of Performance: HICD views organizations as adaptive systems which must respond to the changing environments in which they operate. Performance, therefore, is analyzed at three different levels: the **Organizational** Level; the **Process** Level; and the **Individual Performer** Level. Optimal performance is achieved through improvements at all three levels.

Identifying Opportunities: HICD guides organizations through a systematic process to analyze their current performance in a specified area, determine ways to strengthen their performance, and leverage existing capacities and overcome barriers to achieve their performance goals. Six primary factors (see page 5) are assessed to generate a set of recommendations.

Performance Improvement Measures: HICD assists organizations to focus on tangible, measurable results. Performance measures must be established for all levels of performance and monitored on a consistent quarterly or annual schedule. HICD uses performance score cards to establish benchmarks of current performance and measure performance improvement.

THE PROCESS

The HICD process helps USAID Missions and OUs focus on collaborating with local partners to generate performance improvement processes that address their priorities.

1. Identify local partner commitment:

Identify partner(s) committed to improving their own performance. During this stage, it is important to understand how the local system functions, its existing capacities, and the behaviors of and relationships among the actors in it and their environment.

Characteristics of successful partner selection include:

- Alignment of potential partner's own internal goals and objectives with USAID's goals and objectives (see LCS Policy Principle #4).
- The partner is genuinely responsive and committed to its networks, relationships, and objectives in the context of its local system and community (see LCS Policy Principle #1).
- Partner commitment and interest in the HICD process and/or willingness to provide resources (personnel, space, etc.) to support the HICD process from start to finish.



In the Dominican Republic, local cacao farmers work together to identify opportunities.

7-STEP HICD PROCESS



2. Establish a partnership based on mutuality:

For local capacity strengthening to be successful, all partners, including USAID, should be invested in and jointly own the HICD initiative. Practicing mutuality can help achieve this end. Mutuality is a shared mindset about a relationship in which partners seek to balance power dynamics by focusing on reciprocity, trust, and respect. It is achieved when all partners openly share information and work towards shared goals.

It is recommended that a Memorandum of Understanding (MOU) be executed by USAID, the local partner, and any other stakeholders as a way to capture the agreement of the parties to jointly undertake an HICD initiative. The MOU should address:

- HICD process and goals
- Expectations of the parties in terms of what resources will be committed by each
- Expected results
- Involvement of stakeholders in the performance assessment and implementation of performance solutions

“

HICD helped us to think about other income generating activities, beyond farming, that can help our organization's growth.”

- Denis Munzuyarwo,
Director of Operations of
Urugaga Imbaraga in Rwanda

To realize the potential of the HICD process, all stakeholders must be committed and focused on achieving the same performance objectives.

3. Form an accountability and stakeholder feedback group:

The framework users will form a stakeholder group and convene periodic meetings to create a feedback loop to inform the HICD process. Establishing this [feedback loop](#) will enable USAID and its partners to identify and consult key voices in order to understand different perspectives on the HICD initiative and its potential impact on communities. This stakeholder group will also inform the selection and funding of recommended performance solutions and evaluate HICD results. The primary members of the stakeholder group are management and key staff from the local partner. Other members may include USAID, implementer staff, other donors, government agencies, local stakeholders, and/or members of the community. (By obtaining stakeholder input on performance improvement priorities, Steps 2 and 3 align with [CBLD-9 indicator criterion b.i.](#)).

4. Conduct a performance assessment:

A performance assessment will help local partners compare current performance levels to optimal performance levels and design performance solutions to close any identified gaps. Before conducting a new assessment with a local partner, framework users are encouraged to identify and make use of any existing assessments first.

In conducting the performance assessment, the team (the local partner, stakeholder group, and USAID) will facilitate opportunities for partners and stakeholders to identify organizational goals and analyze actual performance of the partner in meeting those goals (see LCS Policy Principles #3 and #5). These opportunities might include one-on-one interviews, focus groups, surveys, and/or organizational mapping sessions. (This step aligns with [CBLD-9 criterion b.ii](#)).

As a result of the performance assessment, the team will develop a report with findings and recommendations. In consultation with the local partner's senior management, the team will prioritize organizational goals and focus its efforts on analyzing performance related to achieving these goals.

5. Prepare performance solutions package:

Upon review and consideration of the findings of the performance assessment report, the local partner, in consultation with USAID and support from the stakeholder group, will jointly select the performance solutions. Once the performance solutions have been identified and agreed upon, a performance solutions package that best fits the local context and system should be developed along with a timeline, appropriate performance measures, and the organizational resources needed to make these changes (see Step 7).

6. Implement performance solutions:

Depending on the resources available, the performance solutions may be implemented by the local partner itself, a technical assistance implementer, the HICD implementer, or USAID. (Steps 5 and 6 align with [CBLD-9 criterion b.iii.](#))

Performance solution activities will be designed to strengthen performance in any or all of the six HICD factors:

“

The [HICD] program transformed the association into a strong and effective institution. The association quickly doubled its membership, meaning that now it is not only more financially sustainable, but better able to defend the rights of the larger share of the Georgia microfinance sector.

”

- Sophie Kereseldize,

HICD PLUS Organizational Development Specialist at USAID/Georgia

ENVIRONMENT	INFORMATION	RESOURCES	INCENTIVES
	Clearly defined roles and expectations.	Materials, tools, and time to perform job.	Financial and non-financial incentives.
	Frequent performance feedback to employees.	Clear processes and procedures designed to enhance performance.	Measurement and reward systems reinforce positive job performance.
	Clear work process.	Physical/psychological environment contributes to improved performance.	Job enrichment to fulfill employee needs.
	Performance management system for employee development.	Safe, clean, and organized work conditions.	Leadership/management that encourage employee success. Professional development opportunities.
INDIVIDUAL	KNOWLEDGE/SKILLS	CAPACITY	MOTIVES
	Employees have the necessary knowledge, skills, and experience.	Employees have the capacity to learn and do what is needed to do their jobs successfully.	Employee motives are aligned with the work and work environment.
	Employee placement allows for use and sharing of knowledge, skills, and experience.	Employees are free from emotional limitations that inhibit performance.	Employees are motivated to perform job duties.
	Employees are cross-trained to understand each others' roles.		Employees are recruited and selected to match the realities of the work situation.

7. Monitor change in performance:

A monitoring plan will establish performance measures at every level. Performance indicators should be valid measures of prioritized performance improvement areas, as defined in the performance assessment. Importantly, and in line with the Agency's focus on demand-driven performance improvement, supported partners should lead the process of developing or identifying indicators, rather than adopting indicators pre-selected and imposed by USAID. Once the performance measures are in place and data collection systems have been established, the HICD process' success can be measured (Step 7 aligns with [CBLD-9 criterion b.iv.](#))

The local partner should be the primary user of the data to inform its performance and strategic management. Data should also be accessible to USAID and the stakeholder group for its reporting and management needs.

Processes to regularly collect and make sense of data should be developed, with an eye toward generating timely data for decision making and course correction. These processes should be “right-fit” for the partner; that is, they should enable learning and adaptation without generating excessive processes and paperwork that challenge the bandwidth of a partner’s staff.

Other Considerations:

- ✓ **Choose comprehensive solutions.** Most performance gaps can be traced to more than one contributing cause.. Identify solutions that build on existing strengths, develop a diverse set of capacities, and improve the organization performance in ways that are most meaningful to the local partner. Engage a variety of stakeholders to ensure that the selected solutions are comprehensive, cost-effective, and sustainable.
- ✓ **Right-size your budget.** Not all solutions are costly. Some may require the partner to make simple adjustments. If a partner is truly committed to HICD, it will make its own resources available. Select solutions that will close performance gaps and ensure they are financed appropriately by either the local partner or USAID. Training can be costly, but may need to be used to achieve targeted outcomes. Work with the local partner to see what resources (human, physical, time, financial) they are able to contribute.
- ✓ **Reinforce local ownership.** To ensure that decision making is locally led, the local partner and framework user should jointly identify gaps and solutions. It is equally important that the partner identifies indicators that represent their vision of success and takes ownership of the improvement plan and its monitoring. Further, the partner’s ability to mobilize local resources and leverage its broader network will help sustain improvements. Local partner staff’s participation on the performance assessment team also fosters knowledge of and buy-in for the HICD approach, and promotes the ongoing use of HICD to address challenges identified in future performance cycles.
- ✓ **Monitor progress and adapt.** The local partner, in collaboration with USAID and the stakeholder group, should monitor the HICD initiative by tracking its success in achieving its goals and objectives. It is equally important that the partner identifies indicators that represent their visions of success and takes ownership of the improvement plan and its monitoring.

EXPLORE HICD FURTHER

1. [HICD Desk Review: Recommendations from HICD Program Evaluations and Reports](#)
2. [Feeding the World in 2050: How HICD Can Support Agricultural Innovation Systems](#)
3. [Feed the Future HICD Strategy Review](#)
4. [Georgia HICD PLUS Project: Final Report](#)
5. [HICD Assessment: Kosovo](#)

Questions about HICD or local capacity strengthening? For more information, please contact the Locally Led Development Initiative at localsustainability@usaid.gov.