HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT HANDBOOK

A USAID MODEL FOR SUSTAINABLE PERFORMANCE IMPROVEMENT

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HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT

INTRODUCTION

The HICD Handbook was developed by the Bureau for Economic Growth, Agriculture and Trade (EGAT) to help USAID integrate Human and Institutional Capacity Development (HICD) into its development assistance programs. It provides information on the evolution of HICD, implementation guidance, and tools for implementing HICD initiatives.

BACKGROUND

Strengthening institutional capacity is one of the greatest challenges faced by USAID as it works to fulfill its development assistance mandate worldwide. USAID's host country partners include organizations tasked to provide services and products to their constituents across a wide spectrum of sectors. These organizations face daunting challenges as they struggle to perform in developing country environments often undergoing or recovering from political, social and economic upheaval. Such overwhelming changes would tax the ability of any well-established organization in the developed world to adapt and thrive; the challenges posed to newly established organizations and organizations mired in decades of bureaucratic cultures and work ethics are even greater.

Yet, the greatest legacy USAID could leave in the wake of its long-term development programs is one of successful host country partner organizations capable of providing quality services and products to their constituents and stakeholders.

USAID's innovative Human and Institutional Capacity Development (HICD) initiative provides methodologies and tools designed to assist USAID's partner organizations in their quests for performance excellence. Through the application of these methodologies and tools USAID can help its partners develop clearly articulated goals, and objectives and achieve those goals and objectives through exemplary performance. HICD can be successfully applied to any type of organization including government organizations, non-profit organizations and professional associations. HICD will enable these organizations to responsibly meet the needs of their countries and their citizens.

A NEW APPROACH

USAID has historically made large investments in training, each year supporting the training of hundreds of thousands of Host Country Residents and Nationals taking part in USAID-sponsored programs worldwide. This training, called Participant Training, is either short-term technical training or longer-term, degree-earning academic education for mid- to high-level professionals from the public and private sectors. Training is a structured experience that helps individuals to acquire new, predetermined knowledge, skills, and attitudes to address or solve targeted operational problems.

Increasingly, USAID has recognized that training does not have an impact until the knowledge or skills acquired by the trainees have been successfully applied to a specific work situation, which, in turn, results in a measurable improvement in performance. Therefore, successful USAID training should not be measured in terms of the number of individuals trained but rather by the contribution made by trainees to organizational performance improvement.

Training, however, is only one piece of the organizational performance puzzle. Most performance improvement experts recognize at least five additional factors that affect performance in any organization as shown in the following Updated Behavioral Engineering Model.

UPDATED BEHAVIOR ENGINEERING MODEL[1]

ENVIRONMENTAL	**Information** • Roles and performance expectations are clearly defined; employees are given relevant and frequent feedback about the adequacy of performance. • Clear and relevant guides are used to describe the work process. • The performance management system guides employee performance and development.	**Resources and Tools** • Materials, tools, expert support, and time needed to do the job are present. • Processes and procedures are clearly defined in reference documentation. • Overall physical and psychological work environment contributes to improved performance; work conditions are safe, clean, organized, and conducive to performance.	**Incentives** • Financial and non-financial incentives are present; measurement and reward systems reinforce positive performance. • Jobs are enriched to allow for fulfillment of employee needs. • Overall work environment is positive, where employees believe they have an opportunity to succeed; career development opportunities are present.
INDIVIDUAL	**Knowledge and Skills** • Employees have the necessary knowledge, experience and skills to do the desired behaviors. • Employees with the necessary knowledge, experience and skills are properly placed to use and share what they know. • Employees are cross-trained to understand each other's roles.	**Capacity** • Employees have the individual capacity to learn and do what is needed to perform successfully. • Employees are recruited and selected to match the realities of the work situation. • Employees are free of emotional limitations that would interfere with their performance.	**Motives** • Motives of employees are aligned with the work and the work environment. • Employees desire to perform the required jobs. • Employees are recruited and selected to match the realities of the work situation.

Through a comprehensive analysis of organizational performance based on these six performance factors, HICD identifies performance gaps and introduces performance solutions to close those gaps. Appropriate performance solutions are designed depending on which of the six performance factors lie at the fundamental causes of the performance gap.

Through the HICD initiative, USAID is able to offer support to its committed, results-oriented partners. HICD enables USAID's partners to identify barriers to desired performance levels and implement performance solutions to eliminate those barriers. The ultimate goal of HICD is to help USAID's partners fulfill their mandates and provide the highest level of service to their constituents and stakeholders.

HOW IS HICD DIFFERENT FROM TRAINING?
Training is the performance solution that is effective in addressing performance gaps related <u>only</u> to *skills and knowledge* – not any of the other five performance factors. A comparison of the key characteristics of HICD and training is helpful to gain a better understanding of this holistic, cross-cutting initiative.

TRAINING	HICD
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	Multiples 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

HICD DEFINED

Human and Institutional Capacity Development (HICD) is a USAID model of structured and integrated processes designed to identify fundamental causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems.

The ultimate goal of HICD is to help USAID's partners improve performance in critical areas leading to measurable results in achieving the organization's goals and objectives. In undertaking HICD initiatives, USAID Missions will strengthen their partner organizations' abilities to more effectively perform for their constituents and stakeholders and will increase the effectiveness of ongoing technical assistance provided by the United States Government and other International Donors.

HICD MODEL
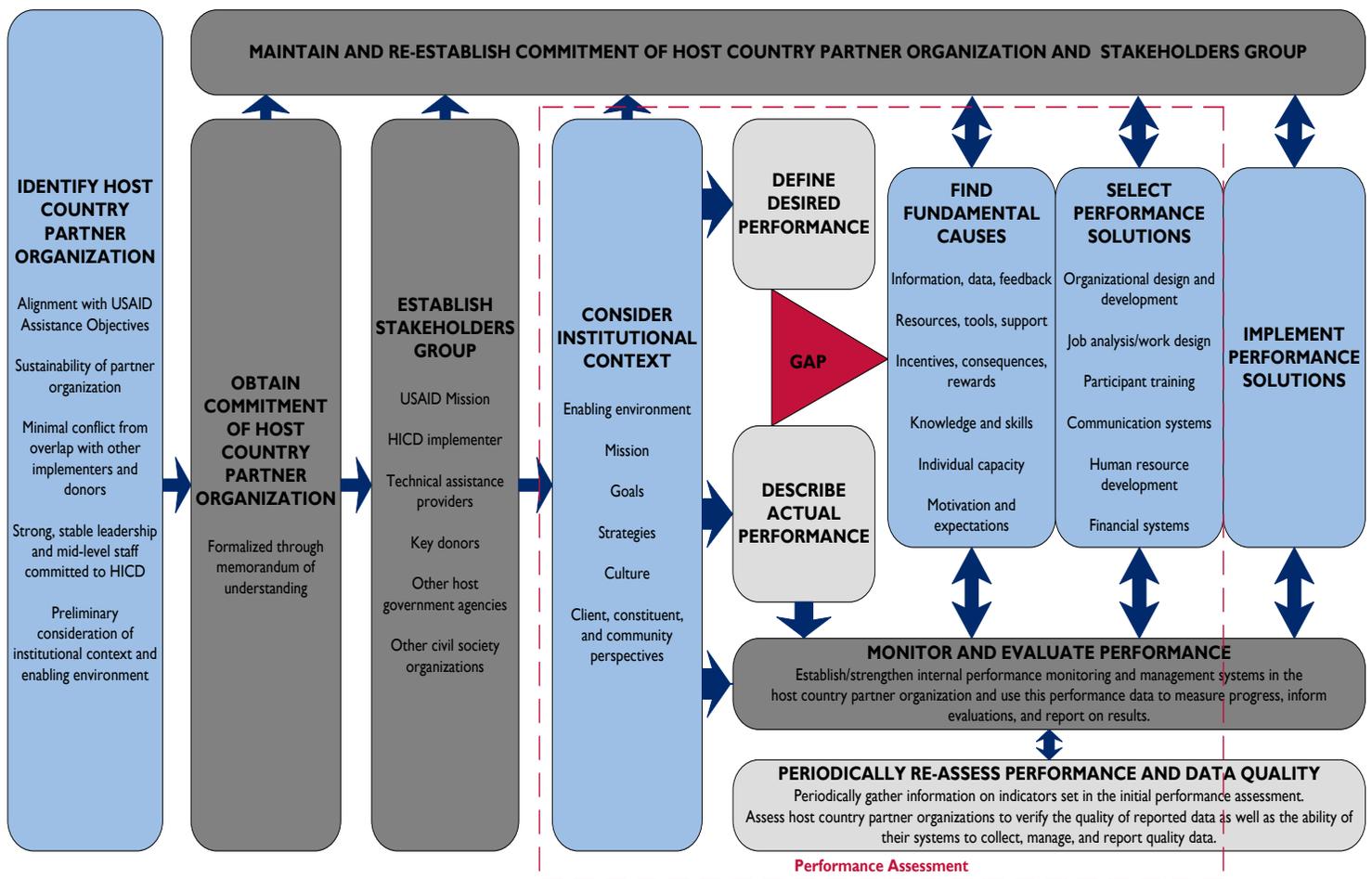
USAID's HICD initiative has adapted methodologies and tools from the field of Human Performance Technology (HPT) to apply them to organizations operating in developing countries. The hallmarks of HICD are:

- **HICD views organizations as adaptive systems**

HICD views organizations as adaptive systems challenged to constantly respond to the changing environments in which they operate. An organization is comprised of interrelated functions, which are affected by and react to changes in other parts of the organization. Performance of the organization as a whole is analyzed at three different levels: the Organizational Level; the Process Level; and the Individual Performer Level. Optimal performance for any organization is only possible when the organization is in alignment at all three levels of performance.

- **HICD uses a systematic approach to analyze organizational performance**

HICD employs a systematic methodology that describes the desired performance state and compares it to the organization's current performance in a specified area, defining and quantifying the performance gap between the two. The gap is then analyzed from the perspective of six primary factors that affect performance to arrive at recommendations for performance solutions designed to close the gap.

- **HICD focuses on tangible, measurable performance improvement results**

For any initiative to be successful, it must produce measurable results. The goal of an HICD initiative is to produce performance improvement results for the organization. Performance measures must be established for all levels of performance within the organization and constantly monitored to ensure that the organization's work is successful. HICD promotes the integration of performance scorecards into its activity designs. Performance Scorecards enable organizations to establish benchmarks for current performance and institute a continuous performance improvement cycle by monitoring performance through the measures established in the scorecard.

The HICD framework is based on the following Performance Improvement (PI) model that provides a systematic process for analyzing and improving performance:
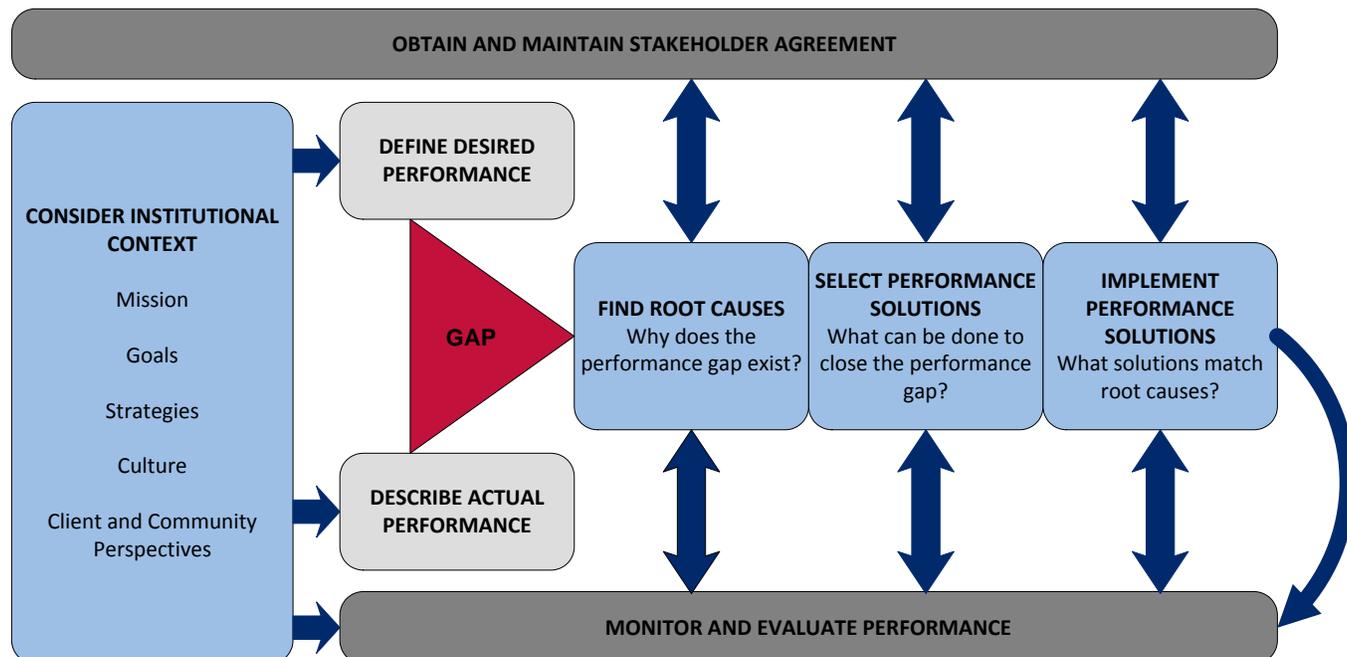
Step 1: Consider the institutional context of the performance problem and get stakeholder agreement. Examine the total performance system in which the organization functions including its mission, goals, strategies, and culture of the organization, and the perspectives of clients and communities. Foster and maintain stakeholder agreement on the objective of the HICD process and the plans for addressing performance problems.

Step 2: Define desired performance in measurable terms if possible. Desired performance takes into account international or national standards and the perspective of stakeholders. The description of desired performance creates a manageable set of objectives for the process.

Step 3: Describe actual performance. The description of actual performance as it relates to the defined performance is based on observations and interviews of staff members and clients and on review of records and other documents.

Step 4: Measure or describe the performance gap. The difference between desired and actual performance is the performance gap.

Step 5: Find the fundamental causes of the performance gap. Analyze the reasons for the gap and identify the most basic reasons, or fundamental causes. Fundamental causes should be linked to the performance factors that affect people in doing their work: Information; Resources; Incentives; Knowledge/Skills; Capacity; and Motives. Linking the fundamental causes of performance gaps to specific factors helps HICD practitioners generate solutions that address the fundamental causes.

Step 6: Select performance solutions. Consider recommendations for performance solutions to address the fundamental cause of performance gaps and the related performance factors; then rank and select these performance solutions according to cost, benefit, or other criteria.

Step 7: Implement performance solutions. With support from Stakeholders, as needed, the partner organization implements the selected performance solutions maintaining an environment of transparency and managing the change process by consistently communicating the intended results of the HICD initiative to staff and stakeholders.

Step 8: Monitor and evaluate performance. The partner organization in consultation with its Stakeholders keeps the solutions on track and evaluates performance on an ongoing basis to re-measure the performance gap and assess the effect of the solutions.

PLANNING FOR PERFORMANCE IN NEW ORGANIZATIONS AND UNITS

The same systematic approach used to diagnose and address performance problems in established organizations can be used to design and establish new high-performance organizations and organizational units or business functions within an existing organization.

Applying the same concepts of a total performance organization, HICD experts describe the environment in which the new organization or organizational unit will operate, the desired outcomes (services and/or products) of the new organization or organizational unit, and design the systems required to result in the desired performance. The basic steps taken include the following:

Step 1: Describe the goals of the new organization or organizational unit.

Step 2: Describe all outputs (services and/or products) that the organization will be expected to provide.

Step 3: Describe all inputs required to produce the desired outcomes.
What is needed from other organizations or organizational units within the organization to produce the outputs required? This is done for both the organization overall and for each organizational unit and individual job.

- At the organization level this will include all resources required for the organization to do its work, i.e. financial resources, materials, information, statutory rules and regulations, etc.

- At the organizational unit level this will include resources provided by other functional units within the organization, i.e. information, requests for services or products produced by the functional unit, budget allocations, personnel assignments, etc.

- At the individual job level, this will include assignments, clear and relevant guidelines, resources, etc.

Step 4: Map out the processes for the organization overall and for each organizational unit of the new organization.

Step 5: Describe each job function in terms of required outputs for the organization to successfully achieve its goals.

Step 6: Describe the knowledge, skills, and experience required for each job within the organization as well as the characteristics of a successful performer.

Step 7: Describe appropriate incentive systems for employees including financial and non-financial incentives, appropriate systems for performance measurement and reward systems to reinforce positive performance. Other important incentives for employees include fulfilling jobs and an overall work environment where employees are afforded opportunities to advance their career interests.

The result of the HICD application for designing a new organization or organizational unit will be a roadmap for setting up the organization with guidelines for identifying high-performance workers to fill job positions.

INTEGRATING HICD WHEN CONDUCTING STRATEGIC PLANNING AND WHEN DESIGNING NEW DEVELOPMENT ACTIVITIES

HICD and can be integrated into USAID programs at any point in a Mission's strategic planning cycle. For Missions at the beginning of the strategic planning cycle a set of selection criteria can be applied to allow for integration into strategy documents, and subsequently into programs and activities. If introduced mid-cycle and when designing new development activities, HICD may be used to complement ongoing initiatives or provide support to partners not already directly benefiting from other Mission activities.

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. The HICD Policy Paper, A Mandatory Reference to ADS 201, can be found at the following location: http://www.usaid.gov/policy/ads/200/201maf.pdf.

The applicability of the Agency's HICD model must be assessed through evaluation criteria when designing new development activities.

The Agency's HICD model can be used to address the performance issues of individual institutions or to target interconnected functions across multiple institutions. These can include institutions identified in previously conducted sector assessments and drafts of the Country Assistance Strategy, as well as other institutions identified by Mission and the assessment team.

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1. **Alignment of potential partner organization's own internal goals and objectives with the Mission's Priority Goals and Assistance Objectives.**

There should not be a disconnection between the mandate and internal objectives of the institution and USAID's Assistance Objectives for the sector.

2. **Institution can remain sustainable.**

This reflects the probability that the institution will continue to be viable, and that it has a good probability of success, following USAID support via HICD. An institution whose existence is in question, because of a new law for example, would be a questionable HICD investment.

3. **Minimal potential conflict from overlap with SOW of other USAID implementing partners or other donors.**

HICD can benefit much from the experience of an existing USAID project working closely with the Partner, and the same applies for other stakeholders such as other international donors. However, if an Implementing Partner has a capacity building activity with the Partner Organization as part of its SOW, or if the Partner Organization is being supported by many interventions from different donors, two possible problems may arise: a) HICD is overlapping over another project, and conflicts of interest arise; b) many other technical assistance interventions are competing for the institution's attention, together with HICD. An HICD intervention will have a much higher probability of success if either one of those two problems does not exist. Determine whether HICD is part of the SOW of the other implementer, and, if not, whether the other implementer is open to the idea of working with an HICD implementer.

4. **Institution is committed and able to change, with a stable leadership.**

This is a subjective assessment, based on the Mission's prior experience with the Partner Organization, or from other parties (other USAID Implementing Partners), and suggests whether the Partner is known to be change-averse or open to change. Overall, a change-averse organization will increase probability of HICD failure. Following from this is the question of whether there are incentives for the institution to change: the incentives can be internal (e.g. management and staff understand that the institution cannot survive unless it changes), or external (e.g., integration into the EU or meeting EU standards requires immediate change). Does the institution have a stable leadership, with direct authority over targeted performance areas? Is there a convergence between the Partner's goals and USAID's?

For those institutions that have met the criteria for HICD-applicability:

It is important to document as much information as possible about the organization, the environment in which it operates, its mandate, outputs (products and services), constituents, and performance issues to be targeted as well as any technical assistance being provided to the organization by other external stakeholders, including other USAID implementers or other Donors.

If designing a new capacity development activity aimed at an organization that has met the applicability criteria, the HICD model must be integrated into the design of the activity and the Activity Approval Document. Ultimately, the HICD model should serve as the basis for the implementing partners' statements of work. For example:

- A cross-cutting activity designed solely to provide HICD services and expertise across all sectors. The implementer is tasked with aligning their work with multiple ongoing Technical Assistance projects across a Mission's portfolio.

- A Technical Assistance activity designed which focuses on addressing a specialized technical need with the HICD-model as the core framework for implementation.

PLANNING THE HICD INITIATIVE

Missions or other operating units wishing to implement HICD initiatives should plan the initiatives carefully in order to ensure success. Once a partner organization is selected, it is important to document as much information as possible about the organization, the environment in which it operates, its mandate, outputs (products and services), constituents, and performance issues to be targeted as well as any technical assistance being provided to the organization by other external stakeholders, including other USAID implementers or other Donors. HICD initiatives should be carefully coordinated with activities of other external stakeholders to avoid conflicting or competing demands on the organization for its time and resources. Close coordination also provides an opportunity to leverage other donor resources if available.

> The EGAT Bureau has developed the following tools that may be used to plan an HICD initiative with one or more partners.
>
> HICD Initiative Planning Tool (See Appendix 1.1). This tool is designed to collect information on up to ten partner organizations under consideration for an HICD initiative. Information collected relates to the goals, timing and funding allocated to the HICD initiative. Basic information is also collected to show the connection between Partner performance and the HICD initiative goal. This tool may be used in connection with the Partner evaluation tool described in section heading "Identify Partner Organizations" found below.
>
> HICD Partner Information Collection Tool (See Appendix 1.2). This questionnaire is designed to guide Missions in collecting information related to a selected Partner organization including the type of organization (for-profit, non-profit, government, professional association), mandate, size, and location. Suggested questions for stakeholders are provided to gain a broad understanding of the organization's performance challenges. Stakeholders may include TA implementers and other donors.

PREPARING THE PARTNER FOR AN HICD INITIATIVE

A desirable partner candidate will have a strong, stable leader who is committed to providing high quality services and products to the organization's constituents in accordance with the organization's mandate. Ideally, the partner organization has a well-articulated mandate, mission and vision with established and measurable performance goals. Many of USAID's partners are in the nascent stages of development and may be striving to achieve even these basic criteria. Such organizations may need some preliminary assistance to prepare them for an HICD initiative. Preparatory activities for such organizations may include a workshop providing an overview of HICD, sessions with expert facilitators to work with the organization on developing or clarifying strategy and goals, or other preparatory activities.

Since the success of any HICD project is dependent on the extent to which the organization's management "owns" or "buys into" the HICD process, it is imperative that the performance challenges identified by the partner, that is those

areas where the organization is "feeling the most pain," are the same performance challenges identified by the stakeholders, and the Mission who will be providing support to close the performance gaps. In cases where there is significant discrepancy between the two, a first step of HICD may be working with the organization to construct the value chain or total business performance system that identifies the services, products and other outputs produced by the organization, the organizations constituents, and performance measures that will reflect desired performance standards.

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IMPLEMENTING THE HICD PROCESS

Using USAID's HICD process, Missions can focus on strengthening partner organizations that are key to achieving the Mission's strategic goals and assisting these organizations to integrate/institutionalize a continuous cycle of performance improvement processes to ensure continued success in future performance cycles.

Most of a Mission's strategic host country partners are identified through the regular strategy planning cycle and processes.

Through an overall or series of sector-specific assessments, the challenges and needs of these organizations are well documented in terms of what each organization's mandate and goals are or should be. HICD builds upon this approach to development by introducing analysis of organizational or operational performance into the overall Mission planning for support.

HICD provides a proven methodology for examining performance gaps, those areas where the organization is not performing satisfactorily, and designs performance solutions to close those gaps and improve performance and constituent satisfaction.

The model shown earlier in the handbook is best illustrated by the seven-step HICD process shown here. Each step in the process plays a pivotal role and is meant to cultivate the most sustainable and effective performance solutions possible. Below each step is described thoroughly and will provide clear instructions on how to implement the HICD model successfully.

7 Step HICD Process

Identify Partner Organizations

Obtain Partner Commitment

Form Stakeholder Group

Conduct Performance Assessment

Prepare Performance Solutions Package

Implement Performance Solutions

Monitor Change in Performance

1. IDENTIFY PARTNER ORGANIZATIONS

Objective: Select partner(s) committed to improving performance in areas of strategic interest to USAID. Currently, Mission Program Offices are, for the most part, taking the lead in introducing HICD into the Mission Development Assistance Portfolio. With support from the HICD Implementer, Program Office staff may work with the Mission's AO teams to identify organizations that may benefit from an HICD initiative. Through the HICD implementer, HICD experts can be engaged, as needed, to conduct preliminary analysis of potential HICD partners. The staff of EGAT/ED/PT is also able to provide some assistance in the identification of appropriate partners and defining the scope of the HICD project in terms of the organization's performance gaps and the alignment of those gaps to the affected USAID Assistance Objectives.

Here are some things to consider when selecting partner organizations for an HICD initiative:

1. <u>Characteristics of a potentially successful HICD partner</u>. When selecting a partner for an HICD initiative consideration should be given to the following:

   - Is there alignment of potential partner organization's own internal goals and objectives with the Mission's Priority Goals and Assistance Objectives? What is the expected impact of the organization's improved performance on the mission's programs including sector impact, economic impact, policy impact, or social impact?

   - What are the prospects for success and sustainability of the organization?
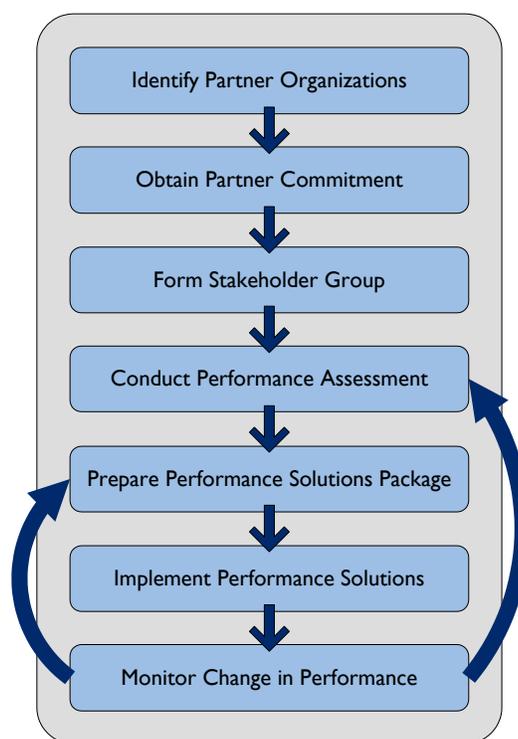
- What synergies exist with other technical assistance implementers, if any are currently working with the organization? What opportunities exist to leverage resources available from other donors? Conversely, will an HICD activity conflict or compete for resources with another USAID or other donor activity?

- Has the organization demonstrated a commitment to a potential HICD initiative as expressed through its interest in and enthusiasm for working on its own business or administrative performance challenges? Has the organization offered to provide any resources to support an HICD initiative such as personnel, space, etc.?

2. <u>Alignment of the Partner's goals with USAID's strategic interests</u>. Many USAID projects fund advisors to provide expert advice to senior managers in partner organizations. In contrast, the HICD approach relies on facilitating change within the organization, with senior managers of the organization taking the lead in establishing performance goals and objectives and relying on the HICD expert(s) to identify barriers to achieving success. Consequently, the goals and challenges, as viewed by the partner must be in alignment with the goals and challenges as seen from the perspective of USAID and other stakeholders. If there is a conflict between the two, some preliminary activity may be required to align these two critical visions for the organization.

3. <u>Engaging other USAID Technical Assistance (TA) Implementers</u>. TA implementers working with the targeted partner organizations can be valuable allies in conducting the preliminary performance analysis. In particular, those TA implementers with a long-standing relationship with the partner organization can provide insights into the organization's culture and operational identity which will inform the preliminary analysis and lead to future success in integrating HICD activities into the TA implementer's ongoing activities.

> HICD Tool for Evaluating Multiple Partners (See Appendix 1.3) is a tool to use in evaluating and ranking potential HICD partners.

2. OBTAIN PARTNER COMMITMENT

Objective: To secure the selected partner's commitment to engage in and follow through with the HICD initiative. Securing the partner's commitment to the HICD initiative may be accomplished through a series of meetings explaining the HICD methodology and mutually exploring performance areas to be targeted. As appropriate, a Memorandum of Understanding may be executed by USAID, the partner organization, and any other participating Stakeholders as a way to capture the agreement of the parties in writing to jointly undertake an HICD initiative. The Memorandum of understanding will address:

- The HICD process and goals;
- The expectations of the parties in terms of what resources will be required from each;
- The expected results;
- The involvement of other Stakeholders in the performance assessment and implementation of agreed upon performance solutions; and
- The planned timeframe for conducting the HICD initiative.

In securing the partner's commitment to an HICD initiative, USAID should ensure that the initiative directly addresses areas of greatest concern to the partner organization. Some performance solutions can be difficult to implement, in particular, performance solutions that require organizational changes such as organizational structure, changes in lines of reporting, process reengineering, realigning incentive systems, etc. To ensure that the partner will remain committed to an HICD initiative through difficult changes, the initiative should clearly target a performance challenge or challenges valued by the partner organization, challenges that the organization itself recognizes must be solved to achieve critical goals.

> A Memorandum of Understanding Template (see Appendix 1.4) for an HICD initiative is provided.

3. FORM STAKEHOLDER GROUP

Objective: To establish a support group to guide and assist the partner throughout the HICD process.
As part of the HICD process, USAID (or, the HICD implementer, as requested) will assemble a Stakeholder group and work with the partner organization to convene periodic meetings. These meetings will serve as a forum for providing feedback to the partner on the HICD process, including the selection and funding of recommended performance solutions and evaluation of HICD results.

The primary members of the stakeholder group are management and key staff from the Partner organization. Other members may include:

1. Mission Staff – Assistance Objective (AO) team leaders, Program Officer and/or mission's HICD Point of Contact, and activity manager(s);

2. HICD Implementer – key staff most familiar with partner organization and/or sector and Country Director or other HICD expert staff;

3. Technical Assistance Provider(s) – Chief of Party (COP) or designee, and key staff most familiar with partner organization and/or sector;

4. Other Key Donors – representatives most familiar with partner organization and/or sector;

5. Government Agencies or Other Organizations identified by the partner organization as being key to its success.

Stakeholder Group Formation (see Appendix 1.5) is a tool that can be used to set up the stakeholder group.

4. CONDUCT PERFORMANCE ASSESSMENT

Objective: To assist the partner organization in articulating its organizational goals and objectives, as needed, and to compare current performance levels to optimal performance levels, designing performance solutions to close any identified performance gaps. As a result of the performance assessment, the partner organization will receive a written report detailing the findings of the assessment team, along with the team's recommendations for performance solutions.

The HICD implementer will take the lead in developing a scope of work for the performance assessment, providing USAID with recommendations on the constitution of the assessment team, and contracting with HICD experts, including local experts if available, to conduct the assessment. The HICD implementer will also be responsible for coordinating the assessment with USAID and the partner organization, as well as arranging for meetings with other external stakeholders as needed. HICD implementer staff should be included on the performance assessment team to facilitate the transition from the performance assessment phase to the performance solution implementation stage. Upon completion of the assessment, the team will prepare a report complete with performance analysis, assessment findings, and recommendations for performance solutions to address the needs of the organization.

In conducting the performance assessment, the team will use a wide array of information gathering activities to identify organizational goals and analyze actual performance of the organization in meeting those goals. Information gathering activities may include:

- one-on-one interviews
- focus groups
- surveys
- questionnaires and/or
- organizational mapping sessions

The team will describe optimal performance in key areas and document actual performance within those areas. In consultation with the partner organization's senior management, the team will determine which organizational goals are of highest priority to the organization and will focus its efforts on analyzing performance related to achieving these goals.

Performance assessments address a full range assessment concerns, including the following:

ORGANIZATIONAL PERFORMANCE

Assessing organizational performance involves an examination of systems and infrastructure as they relate to overall organizational performance, and helps to ensure sufficient absorptive capacity for new technologies or skill sets. Individuals or workgroups can only perform as well as the organizational systems that support them.

An organizational needs assessment may include, but is not limited to, collection of information about the following:

- Institutional vision, mission, values, goals, and strategies;
- Management structure;
- Financial viability;
- Financial and resource management systems;
- Management information systems;
- Logistics management;
- Roles and responsibilities of work groups and individuals;
- Management practices;
- Gender issues;
- Human resource management systems;
- Monitoring and evaluation systems;
- Information about key personnel; and
- Institutional performance monitoring and performance management systems.

The information will be analyzed to identify key performance gaps that need to be addressed to improve organizational performance with recommendations for possible performance solutions.

WORKGROUP PERFORMANCE

Assessing the performance of a category of performers or workgroups within a USAID partner organization or focus institution requires a systematic approach to finding the fundamental causes of a performance problem. To ensure that USAID projects implement interventions that best address actual fundamental causes, individual and workgroup assessments will:

- Define desired performance by identifying critical tasks and preparing desired performance statements;
- Describe actual performance by collecting data through a variety of methods that reveal what current performance looks like;
- Identify the performance gap by analyzing the data collected, identifying the gap(s) between desired and actual performance, identifying the performance factors that seem to be contributing the most, and selecting priority gaps; and
- Find fundamental causes by conducting a fundamental cause analysis and determining what performance factors are causing them.

By developing criteria for selecting the most appropriate and cost beneficial performance solutions to close the performance gap, the most appropriate performers will be identified to participate in the most effective solutions.

Here are some things to consider when planning a performance assessment:

1. <u>Members of the performance assessment team</u>. A performance assessment team should minimally consist of the following:
   a. Certified Performance Technologist-designated or Human Performance Improvement-certified team leader: Provides performance improvement expertise and overall coordination.
   b. Sector-specific expert: Provides the context for the sector in which the organization operates.
   c. Host country partner organization key staff person: Provides partner organization with key input into HICD process and decision-making; helps ensure continued buy-in.
   d. Contractor key personnel (if outsourcing CPT/HPI expert): Provides continuity of implementation for the overall HICD project.

   It is the coupling of performance improvement expertise and sector-specific expertise related to the outputs of the partner organization that makes HICD dynamic and cross-cutting. A strong, well-rounded performance assessment team should provide a holistic view of organizational performance, allowing for targeted performance solutions and enabling HICD principles to sustainably transfer to the partner organization.

2. <u>Inclusion of technical assistance implementers in the performance assessment</u>. The performance assessment team should take full advantage of the knowledge and experience of the technical assistance implementer staff that has an ongoing relationship with the partner organization. The technical assistance implementer's technical expertise will complement the HICD analysis and lead to technically sound performance solutions with the greatest chance for continuing cooperation and success. When working with organizations with which USAID does not have a technical assistance implementer, the assessment team should include a consultant who has technical expertise in the sector and in the country or region.

3. <u>Ensuring independent analysis</u>. The Mission should take care to allow the performance assessment team to independently examine the performance of the partner organization. It is important that all stakeholders, including USAID staff, reserve judgment on the preliminary findings of the performance assessment team. While it may seem apparent what underlying problems are contributing to unsatisfactory performance within the partner organization, critical factors affecting performance might be overlooked if the performance assessment team is not given sufficient latitude in conducting its review.

> The Performance Assessment Request (see Appendix 1.6) is a tool to request a performance assessment through the HICD implementer.
>
> Illustrative questions that implementers may ask in order to determine how performance gaps are related to the factors affecting human performance can be found in Sample Questions for Identifying Performance Gaps (see Appendix 1.7).

5. PREPARE PERFORMANCE SOLUTIONS PACKAGE

Objective: To develop a package of agreed upon performance solutions recommended in the performance assessment.

Upon review and consideration of the findings of the performance assessment report, the partner organization, in consultation with USAID and support from participating stakeholders, will select the recommended performance solutions proposed by the assessment. Once the performance solutions have been identified and agreed upon, a performance solutions package should be developed along with a timeline and appropriate performance measures for completing the initiative. With appropriate performance measures in place, and data collection systems developed or established, measuring the success of the HICD process will be a matter of reviewing the data related to the established performance measures.

Here are some things to consider about preparing the performance solutions package:

1. Selecting performance solutions. Because HICD is a holistic process, Missions should take care not to pick and choose from among those performance solutions recommended by the assessment team. Chances of closing a performance gap are highest when all fundamental causes affecting performance are addressed. Due to wide variety of performance problems of people and organizations, it is difficult to find one person who alone possesses the capability to effectively design multiple types of solutions. Engaging experts in various types of performance solutions can help to ensure that the selected performance solutions are designed to be comprehensive, cost-effective, and sustainable.

2. Funding performance solutions. Not all performance solutions are costly. Depending on the fundamental causes identified, some solutions may be a matter of the partner making simple adjustments to its processes or policies. If a partner is truly committed to the HICD process, it will be eager to make its own resources available to improve performance in areas of greatest concern. Training can be one of the most costly interventions required but is often not the only solution to a performance problem.

3. Reinforcing "ownership" of the HICD initiative with the partner. To ensure that the partner organization remains committed to implementing the appropriate performance solutions, the host country partner should take the lead in making implementation decisions as the primary member of the stakeholder group. If the preliminary HICD analysis establishes clear alignment between the performance gaps, the partner organization's organizational goals and USAID's Intermediate Indicators and Assistance Objectives, there should be no problem in allowing the partner organization to take the lead in this decision-making process.

> The Performance Solutions Package Template (see Appendix 1.8) is a tool to help design the performance solutions package.

6. IMPLEMENT PERFORMANCE SOLUTIONS

Objective: To provide support to the partner organization in implementing the agreed upon recommendations of the performance assessment team.

Depending on the resources available, the performance solutions may be implemented by the partner organization itself, the technical assistance implementer, or the HICD implementer. The HICD implementer or the technical assistance implementer should take the lead in working with the partner organization to implement the agreed upon performance solutions. If funding for the HICD initiative is provided through funds obligated to the HICD contract, the HICD implementer will further refine the performance solution requirements and contract for the required services and/or commodities. If funding is provided through the technical assistance implementer, that organization will take the lead with support from the HICD implementer to ensure that the performance solutions provided meet the established HICD requirements.

Here are some things to consider when implementing the HICD performance solutions:

1. Types of performance solutions. An implementation worksheet often contains both training and non-training performance solutions. Activities will be designed to close performance gaps related to the identified performance factors which may relate to any or all of the six HICD factors:

INFORMATION	RESOURCES AND TOOLS	INCENTIVES
KNOWLEDGE AND SKILLS	CAPACITY	MOTIVES

For instance, training is an intervention designed to address a performance gap related to *skills and knowledge*; restructuring an organization's compensation package is an intervention designed to address a performance gap related to *incentives*.

Implementation of performance solutions must involve careful planning. Change management can be a significant component for successful implementation. Effectively mitigating resistance to change in people and on the larger organizational level could cause even a good performance solution to fail in the implementation stage. Principles and strategies of change management should be integrated into the delivery of the performance solutions package.

2. <u>Coordinating sessions of the stakeholder group</u>. Whichever implementer is taking the lead in implementing performance solutions, will also have responsibility for coordinating regular meetings with external Stakeholders and where opportunities exist, leveraging resources of other donors to support the HICD process. In those cases where Missions task the HICD implementer with monitoring and coordinating the Mission's HICD initiatives, this arrangement should be included in the Mission's HICD/Participant Training Mission Order.

A Performance Solutions Request Form (see Appendix 1.9) template is available to help organize and prioritize performance solutions.

7. MONITOR CHANGE IN PARTNER ORGANIZATIONS' PERFORMANCE

Objective: To assist the partner organization in monitoring its accomplishments in accordance with performance goals targeted through the HICD initiative. The performance monitoring and management system may also include other performance goals and objectives identified by the partner.

As part of the assessment process, the performance assessment team will examine the partner organization's existing performance monitoring and management systems to help the organization establish a system through which it can measure actual performance against targets related to organizational goals. Institutionalizing a performance monitoring and management system enables an organization to regularly monitor its own performance in critical areas that are leading indicators of the organization's overall performance success.

A comprehensive measurement tool will establish performance measures at every level of performance, individual worker level, process level, and organizational level, with indicators at each level rolling up to the next highest level. The performance data being collected should be directly linked to the desired and actual performance as defined in the performance assessment. This will allow for performance to be continually monitored, thus providing a strong, data-driven basis for making management decisions. This means that processes must be developed to analyze data on a regular basis and ensure that appropriate corrective action is takn when needed. These processes for data collection and analysis should be as simple as possible, integrated into daily functions, and not add any unnecessary bureaucratic requirements. A reliable, working performance monitoring and management system is one of the keys to making the performance of an organization sustainable.

While this information will be mainly used by the partner organization for performance and strategic management, it should also be accessible to the Mission for its reporting and management needs. The performance monitoring and management system should allow for strategic course corrections at the macro-level as well as the re-alignment of activities being implemented throughout all levels the organization.

Here are some things to consider when determining how best to assist the partner organization in institutionalizing performance monitoring and management systems:

1. <u>Participation of partner staff</u>. The participation of a key staff member from the partner organization as a member of the performance assessment team promotes the ongoing use of the HICD approach to address challenges identified in future performance cycles. Through its participation in the HICD process, the partner organization is exposed to the principles of HICD and in particular the results-oriented aspects of the HICD methodology.

2. <u>Enhancing the transfer of HICD practices to the partner organization</u>. As part of the HICD initiative, USAID may wish to sponsor workshops for the partner organization's staff to enhance the transfer of HICD practices to the partner's own operating procedures.

3. <u>Monitoring success</u>. USAID will monitor the success of the HICD initiative by tracking the partner organization's success in achieving its goals and objectives. USAID may wish to consider providing additional resources to the partner organization to address performance gaps it identifies through its own HICD initiatives in future cycles.

More information on developing performance monitoring and management systems is available in Measuring Results (see Appendix 1.10).

FINAL NOTES AND RESOURCES

HICD offers a methodology for designing programs to strengthen USAID partner organizations as they strive to meet the needs of their constituents. Through systematic analysis of the organization as a whole and the environment in which the organization functions, HICD produces measurable results for the organization and for USAID.

The following references offer additional sources of information on human performance improvement. The appendices to this chapter provide tools and templates to enable users to begin integrating HICD into their new and ongoing programs. If you have any questions regarding this Handbook or any aspect of HICD please contact Jim Nindel, EGAT/ED, by telephone at 1-202-712-5317 or by email at jnindel@usaid.gov.

For more information on HICD, please visit the following websites:

- **HICD Intranet Page** - http://inside.usaid.gov/EGAT/offices/edu/programs/hicd.cfm. *Available from the USAID Intranet only*. The HICD page on the EGAT/ED intranet site contains practical information related to every step in the model.

- **HICD Blog** - http://blogs.usaid.gov/hicd/. *Available from the USAID Intranet only*. Timely updates and information related to HICD. This includes sharing articles, events, ideas, and other relevant information.

- **HICD Developedia Page** - http://developedia.usaid.gov/wiki/index.php?title=HICD. *Available from the USAID Intranet only*. This is the encyclopedia entry for HICD on Developedia, the working guide to USAID. It is a good place to start if you are looking for a brief introduction to what HICD is.

- **HICD Discussion Forum** - http://communities.usaid.gov/education/forums/human-and-institutional-capacity-development-hicd. *Available from the USAID Intranet only*. A place to discuss implementation, successes, concerns, and anything else HICD-related. It is a space to collaborate and share your thoughts, as well as to get feedback from your colleagues in Washington and throughout the world.

- **HICD and Participant Training Internet Page** - http://www.usaid.gov/our_work/education_and_universities/participant_training/. Basic information regarding HICD and participant training, available publicly online.

- **Performance Improvement - Stages, Steps, and Tools -** http://www.prime2.org/sst/index.html
    - Interactive website containing detailed information on the Performance Improvement model, which is at the core of HICD performance assessments. Includes stages, steps, and tools.
    - The Performance Improvement Toolkit provides easy-to-use instructions and forms that guide users step-by-step through the Performance Improvement model.

- **International Society for Performance Improvement -** http://www.ispi.org
    - Human Performance Technology (HPT), a systematic approach to improving productivity and competence, uses a set of methods and procedures -- and a strategy for solving problems -- for realizing opportunities related to the performance of people. It is a systematic combination of three fundamental processes: performance analysis, cause analysis, and intervention selection, and can be applied to individuals, small groups, and large organizations.
    - ISPI issues experience-based certification to performance improvement practitioners allowing for designation as a Certified Performance Technologist.

- **American Society for Training and Development -** http://www.astd.org
    - Certifies in Human Performance Improvement through coursework.

NAME	URL
African Capacity Building Foundation (ACBF)	http://www.acbf-pact.org/
African Economic Research Consortium (AERC)	http://www.aercafrica.org/home/index.asp
Alliance for Nonprofit Management	https://www.allianceonline.org/
Asian Development Bank Capacity Development	http://www.adb.org/Capacity-Development/default.asp
Capacity Collective	http://www.ids.ac.uk/go/research-teams/participation
Capacity Development - DAC Initiative	http://www.oecd.org/document/42/0,3343,en_
Capacity Development (learning network)	http://capacitydevelopment.ning.com/
Capacity Development Resource Center from the World Bank	www.worldbank.org/capacity
Capacity.org	http://www.capacity.org/
Capacity4dev.eu	http://capacity4dev.ec.europa.eu/
Civil Society Partnership Programme (CSPP)	http://www.odi.org.uk/networks/cspp/
Community Empowerment	http://www.scn.org/cmp/
Eldis (topic-based knowledge research)	http://www.eldis.org/go/topics
European Centre for Development Policy Management (ECDPM)	http://www.ecdpm.org/
Evidence-Based Policy in Development Network (EBPDN)	http://www.ebpdn.org/
Global Development Network	http://www.gdnet.org/cms.php?id=knowledge_base
Governance and Social Development Resource Centre	http://www.gsdrc.org/
Impact Alliance	http://www.impactalliance.org
International NGO Training and Research Centre (INTRAC)	http://www.intrac.org
Inwent – Capacity Building	http://www.inwent.org/capacity_building/index.php.en
LenCD - Learning Network on Capacity Development	http://www.lencd.org
Managing for development results (MfDR)	http://www.mfdr.org/COMPAS/index.html
MSP Resource Portal	http://portals.wi.wur.nl/msp/
NGO Connect	http://www.ngoconnect.net
Participatory Planning Monitoring & Evaluation	http://portals.wi.wur.nl/ppme/
South African Institute of International Affairs (SAIIA)	http://www.saiia.org.za/
The Capacity Project	http://www.capacityproject.org/index.php
The Change Alliance	http://changealliance.org/
Train4dev.net	http://www.train4dev.net/index.php?id=111
United Nations Development Programme Capacity Development	http://www.undp.org/capacity/
Virtual Center for Leadership and Management	http://programs.msh.org/clm
Wiki page on Capacity Development	http://en.wikipedia.org/wiki/Capacity_Development

APPENDIX 1.1 HICD INITIATIVE PLANNING TOOL

MISSION:	Mission Contact:		
	Phone:		**Email:**
Goal(s) and Sector(s) of the HICD Initiative:			
How will the success of this initiative be measured overall?			
Assistance Objectives: 1. 2. 3.	**Intermediate Results:** 1. 2. 3.		
Timing:	**Estimated Budget:**		
HICD Contractor or TA Implementer: *(What USAID implementer will be the primary vehicle for providing HICD assistance?):*			
Partner Organizations to be targeted: *(What host country organizations play key roles in achieving the overall goal(s) of the HICD Initiative?)*			

1.		Org 1 Profile
2.		Org 2 Profile
3.		Org 3 Profile
4.		Org 4 Profile
5.		Org 5 Profile
6.		Org 6 Profile
7.		Org 7 Profile
8.		Org 8 Profile
9.		Org 9 Profile
10.		Org 10 Profile

HICD Process Tracking: *For additional information see the section on Implementing the HICD Process*

	Contract for HICD Support		Conduct Performance Assessment
	Evaluate and Select Partners		Prepare Implementation Plan
	Obtain Partner Commitment		Implement Performance Solutions
	Form Stakeholder Group		Monitor Change in Performance

PARTNER 1 PROFILE

Name of Organization:				
City & Country:			**Date Established:**	
			Total Staff:	
Type of Organization:	Government _____ NGO _____ Association _____ For Profit _____ Other _____			
Mission or Mandate:				

Contacts:	NAME		POSITION	PHONE
1.				
2.				
3.				

OFFICES:	CITY	# STAFF	POC	PHONE
Headquarters				
Field Office 1				
Field Office 2				

Targeted Performance Areas:	Performance Measures:
1.	
2.	
3.	
4.	
5.	
6.	

Other TA Implementers Supporting this Partner:		Nature of TA support being provided:
1.		
2.		
3.		
4.		

APPENDIX 1.2 HICD PARTNER INFORMATION COLLECTION TOOL

Name of Organization:			
City & Country:		Date Established:	
		Total Staff:	
Type of Organization:	Government _____ NGO _____ Association _____ For Profit _____ Other _____		
Mission or Mandate:			

Contacts:	NAME	POSITION	PHONE
1.			
2.			
3.			

OFFICES:	CITY	# STAFF	POC	PHONE
Headquarters				
Field Office 1				
Field Office 2				

Part I. - Questions for USAID Technical Office

1. What is (are) the primary mandate(s) or organizational goal(s) of this organization?

2. What does USAID see as this organization's greatest challenges to achieving its organizational goals and fulfilling its mandate (internal and external)?

3. How does or should the organization measure its success in achieving its organizational goals?

4. Describe the managers and/or primary decision makers of this organization.

5. Describe ongoing and/or prior technical assistance (TA) provided to this organization and attach a copy of the SOW for any ongoing TA.

6. Please provide any of the following (or comparable) documents that are available for review:
   a. _____ Organizational Mission or Vision Statement
   b. _____ Strategic Plan
   c. _____ Organizational Chart
   d. _____ TA Implementer SOW
   e. _____ Recent Sector/other Assessments related to this Organization
   f. _____ Other(Please specify)

PART II. - Questions for Stakeholders

Sample Memo Requesting Stakeholder Input on an HICD initiative.

Subject: USAID Human and Institutional Capacity Development Initiative With
_____ (Name of Partner Organization)_____

Dear_____:

USAID is interested in conducting a Human and Institutional Capacity Development (HICD) assessment of (NAME OF PARTNER ORGANIZATION). Through this assessment we hope to assist this organization in identifying areas for potential performance improvement tied to the organization's primary business/organizational goals. The assessment findings will include suggested solutions to enable the organization to move closer to optimal performance in the targeted areas. Your participation in this assessment is vital to ensuring that any HICD performance solutions contemplated are fully integrated into ongoing technical assistance activities in which you may be involved. Please respond to the following questions and provide any additional insights that you think may be helpful in conducting this assessment. I am available to respond to any questions or concerns you may have about this initiative. Thank you for your participation.

Sincerely,

[Name of USAID Sponsor]

1. How long has your organization been working with/ supporting/ associated with (Partner Organization)?
2. Please briefly describe your work with, support for, and/or relationship with (Partner Organization).
3. What is (are) the primary mandate(s) or organizational goal(s) of this organization?
4. What do you see as the greatest challenges (internal and external) to (Partner Organization)'s ability to achieve its organizational goals and fulfill its mandate?
Internal:
External:
5. How does or should this organization measure its success in achieving its organizational goals and fulfilling its mandate?
6. What do you see as the key factors that contribute to each of these metrics?
7. What other observations would you like to share about this organization?

PART III. - Questions for the Partner Organization

This questionnaire should be completed by the candidate organization after initial contact has been made by USAID to lay the groundwork for the organization's participation in an HICD initiative.

1. What are your organization's most critical organizational goals?

2. What work groups within your organization are most responsible for achieving success for each of these goals?

3. What do you see as the greatest challenges (internal and external) to meeting those goals?

Internal:

External:

4. How does your organization measure its success in achieving these goals?

5. What do you see as the key factors that contribute to each of these measures?

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APPENDIX 1.3 HICD TOOL FOR EVALUATING MULTIPLE PARTNERS
[Name of Organization]
[Mandate]

Form completed by: [Name]   **Date: [date]**

Criteria	Comments	Score
1. Alignment of potential partner organization's own internal goals and objectives with the Mission's Priority Goals and Assistance Objectives 0 to 5		
2. Can Remain Sustainable 0 to 5		
3. Minimal potential conflict from overlap with SOW of other USAID Implementing Partners or Other Donors 0 to 5		
4. Institution is Committed and Able to Change, with a Stable Leadership 0 to 5		
	Aggregated Score	

Scoring System: 0 – does not match the criteria
                         1 – barely matches the criteria
                         2 - somewhat matches the criteria
                         3 - a reasonable match of the criteria
                         4 - matches the criteria well
                         5 – matches the criteria in every respect
Institutions that score a 0 under any criteria are automatically disqualified for further consideration.
The maximum score possible is 20. Institutions should receive a score of at least 16 (75%) to be considered for the HICD program.

Other Comments

(This will be conducted during the Nomination process. Its purpose is to gather information on the type of assistance that is already being offered to the institution by USAID contractors and other donors - see Criteria # 3)

Criteria for Assessing Potential Partner Institutions- Template Guidance

1. Alignment of potential partner organization's own internal goals and objectives with the Mission's Priority Goals and Assistance Objectives: There should not be a disconnection between the mandate and internal objectives of the institution and USAID's Assistance Objectives for the sector.

2. Whether It Can Remain Sustainable: This reflects the probability that the institution will continue to be viable, and that it has a good probability of success, following USAID support via HICD. An institution whose existence is in question, because of a new law for example, would be a questionable HICD investment.

3. Potential conflicts from overlap/overcrowding with SOW/technical-assistance of other USAID Implementing Partner (IP) or Other Donor: On the one hand, HICD can benefit much from the experience of an existing USAID project working closely with the Partner, and the same applies for other stakeholders such as other international donors. However, if an Implementing Partner has a capacity building activity with the Partner Organization as part of its SOW, or if the Partner Organization is being supported by many interventions from different donors, two possible problems may arise: a) HICD is overlapping over another project, and conflicts of interest arise; b) many other technical assistance interventions are competing for the institution's attention, together with HICD. An HICD intervention will have a much higher probability of success if either one of those two problems does not exist. Determine whether HICD is part of the SOW of the other implementer, and, if not, whether the other implementer is open to the idea of working with an HICD contractor.

4. The Partner Demonstrates a Commitment to Change and the Ability to Change.
This is a subjective assessment, based on the Mission's prior experience with the Partner Organization, or from other parties (other USAID Implementing Partners), and suggests whether the Partner is known to be change-averse or open to change. Overall, a change-averse organization will increase probability of HICD failure. Following from this is the question of whether there are incentives for the institution to change: the incentives can be internal (e.g. management and staff understand that the institution cannot survive unless it changes), or external (e.g., integration into the EU or meeting EU standards requires immediate change). Does the institution have a stable leadership, with direct authority over targeted performance areas? Is there a convergence between the Partner's goals and USAID's?

APPENDIX 1.4 MEMORANDUM OF UNDERSTANDING (MOU) TEMPLATE

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAM
AND
[*INSTITUTION*]

1. PURPOSE

This Memorandum of Understanding and Cooperation ("MOU") describes the working relationship between the USAID Human and Institutional Development Program ("USAID"), managed in [country] by [Implementing Contractor] and the [Institution]. It is signed with the purpose of facilitating efficient and coordinated cooperation between USAID and [institution], with the ultimate goal of improving the [institution's] organizational performance in critical areas, according to measurable indicators.

2. CONTEXT

Under the [name] contract, and on behalf of USAID, [implementing contractor] will implement Human and Institutional Capacity (HICD) initiatives. The aim of HICD is to improve the performance of selected institutions, deemed key to both [country's] future and USAID's strategy. Following the signing of this MOU, and the formation of a stakeholder group (see description in section 5), a full and independent performance assessment of [institution] will be conducted at both the institutional and the work group level to identify any performance gaps and their fundamental causes, and to recommend solutions to close targeted performance gaps. It is intended that the successful implementation of the recommended performance solutions will lead to measurable results in achieving organizational goals.

3. RESPONSIBILITIES OF USAID

USAID, working in collaboration with its implementing partner [implementing contractor] will:

- Undertake an assessment of [institution's] performance. This will be conducted by a team of HICD experts who will work with [institution] to identify performance gaps and their fundamental causes. This assessment will be conducted at three levels: organization, working processes, and workers.
- Develop a summary of key findings and recommendations for addressing the fundamental causes of the performance gaps
- Make recommendations for an Intervention Package and outline the resources required to close the identified performance gaps
- Set clear directions and provide necessary guidance to [institution] on how to act on the findings of the performance assessment
- Organize periodic meetings of the stakeholder group to review, advise, and monitor the process

4. RESPONSIBILITIES OF [PARTNER]

[PARTNER] agrees to support the performance assessment. Specifically, the [PATNER] will:

- Designate a staff member to serve as the liaison between USAID and its implementing partner and [PARTNER]
- Designate a staff member to represent [PARTNER] within the stakeholder group and who will be given the authority to make decisions on behalf of the [PARTNER]
- Facilitate contact between members of the [PARTNER] management/staff and the performance assessment team hired to conduct an assessment of the [PARTNER] performance

- Cooperate fully with the performance assessment team, including making the [PARTNER] management/staff available for person-to-person interviews and group meeting
- Allow the performance assessment team to have access to [PARTNER's] organizational charts, job descriptions, and management policies and procedures

5. STAKEHOLDER GROUP

This HICD activity embraces a cooperative approach that elicits and integrates voluntary input from all stakeholders that have a vested interested in institutional performance improvement at [PARTNER]. These stakeholders will form a stakeholder group that will meet periodically, with a reviewing, advisory and monitoring role on both the performance assessment and the recommended solutions. Final decisions on any action that necessitates a financial investment on the part of USAID will be negotiated. The following organizations are included in the stakeholder group [Institution, USAID staff, AO team leader/Program Officer, HICD Contractor. Technical Assistance Provider, Other Key Donors, Government Agencies/Other Organizations identified by the Institution as key to its success].

6. TERM

From the date of the signing of this MOU through _____ [Normally 3 or 4 months], or such later date as the Parties may agree to in writing.

7. AMENDMENT AND MODIFICATION

This MOU may be amended or modified by written agreement by the Authorized Representative of each of the Parties.

8. SUSPENSION AND TERMINATION

Any party may terminate this MOU, in whole or in part, by giving the other party thirty (30) days written notice. In the event of partial termination, such notice shall specify affected activities. Termination of this MOU will terminate any responsibilities of Parties to provide financial or other resources for this activity, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of this MOU.

9. RESOLUTION OF DISAGREEMENTS

Any disagreement that may occur concerning the terms of this MOU is to be resolved through direct and open communication between USAID and the [institution]. Final resolution regarding funding or project priorities will be resolved by USAID as the donor agency.

10. THIRD PARTY INSTRUMENTS AND OBLIGATION OF FUNDS

This MOU is not intended to effect an obligation of funds by USAID. In order to provide the assistance planned in this MOU, USAID may enter into such contracts and other instruments with public and private parties as USAID may deem appropriate. All undertakings by USAID pursuant to this MOU, including the responsibilities identified above, are subject to the availability of funds. USAID shall obligate, commit, and expend funds and carry out operations pursuant to this MOU in accordance with the applicable laws and regulations of the United States.

11. AUTHORIZED REPRESENTATIVES

The parties shall be represented by those holding or acting in the offices held by the signatories of this MOU. Each party may, by written notice to the others, identify additional representatives authorized to represent that party for all purposes other than executing formal amendments to this MOU. Each party shall notify the other, in writing, of changes in its authorized representatives.

12. LANGUAGE
This MOU is prepared in both English and [language]. In the event of ambiguity or conflict between the two versions, the English language version will prevail.

ACCEPTANCE
The undersigned parties hereby agree with the contents of this Memorandum of Understanding, and agree to comply with its contents in good faith.

Concluded in [place], on the _____ day of the month of _____ of the year _____, in six (6) copies, of which three (3) are in the [language] language and three (3) are in English language, all equally authentic.

For the [PARTNER]:

By:_____
Name: [name]
Title: [title]
Date:_____

For the United States Agency for International Development:

By:_____
Name: [name]
Title: [title]
Date:_____

For [the implementing contractor]:

By:_____
Name: [name]
Title: [title]
Date:_____

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APPENDIX 1.5 HICD TOOL: STAKEHOLDER GROUP FORMATION

I. Purpose
The purpose of this document is to outline the purpose, roles and responsibilities of the [institution] stakeholder group.

II. Intervention Background
Give the history of the institution, its status and purpose, and state whether it has received support from other donors.
The [institution's] mission includes:

-
-
-
-

[State the primary intended role of the institution.]

III. Goal
[State the purpose of this HICD intervention]

IV. Role, Conduct and Meetings of the Stakeholder Group
In order to achieve the above stated goal, a stakeholder group is hereby established to provide input and advice at the major stages in HICD development, implementation and evaluation. The stakeholder group will play an advisory role and is not a decision-making body.
Advice and input from the stakeholder group will be solicited by members of the performance assessment team on an as-needed basis and may be solicited in either one-on-one meetings or in a more structured setting, as circumstances require. However, at a minimum, stakeholder group input will be solicited by members of the performance assessment team at the HICD milestones listed below.

HICD Milestones for Stakeholder Group Input:

- Identification of performance issues (meetings initiated and conducted by members of the performance assessment team)

- Identification and prioritization of measures to close performance gaps discussed with stakeholder group members

- Selection of performance measures for monitoring performance.

- Review results of against performance measures (evaluation).

In addition to informal meetings, the performance assessment team will convene and chair structured meetings for all members of the stakeholder group on a [annual/bi-annual] basis. The primary function of these meetings will be for the performance assessment team to update stakeholder group members

on the status and progress of implementation activities. Additionally at these meetings the performance assessment team may present findings, recommended a course of action, discuss next steps and solicit stakeholder group input and advice. The performance assessment team members shall prepare and distribute minutes from the bi-annual meetings to all members of the stakeholder group

V. Members of the Stakeholder Group
The stakeholder group has been developed to provide input from interested parties on the HICD development, implementation and monitoring processes. It consists of one representative from the following:
-- Institution executive board
-- USAID Program Office
-- HICD Contractor
-- Technical Assistance Providers
-- Other key donors
-- Government agencies
-- Other organizations identified by the Partner Institution as key to its success
Members agree to the roles and responsibilities of the stakeholder group as described above in Section IV.

Name & title	Institution represented	Date signed	Signature

Roles and Responsibilities of Stakeholder Group – Template Guidance – "Belgravia Association of Architects"

I. Purpose
The purpose of this document is to outline the purpose, roles and responsibilities of the Belgravia Association of Architects (BAA) stakeholder group.

II. Intervention Background
The Belgravia Association of Architects was established as a not-for-profit non-governmental organization in 2001 with support from the World Bank. Although it has NGO status, the association has also been designated by the government of Belgravia as the authorized body in Belgravia for certifying and training architects. Its mission/mandate includes the following:
- Test and certify new entrants into the profession
- Monitor and uphold the standards of performance of practitioners
- Gain acceptance to international professional associations
- Assure adherence to international technical and ethical standards through a Quality Assurance Program
- Provide technical assistance and advice to members on the application of new standards and regulations
- Provide programs of continuing professional development (CPD) to members
- Educate Belgravian society on the public benefit of an association of architects
- Advocate for laws and regulations that increase the public benefit and improve the professional conditions of a well-trained and supported professional cadre of architects.

Central to the future development of the association is full membership in the International Federation of Architects of which it is currently an associate member.   Circumstances have forced the association to play a broader role than is appropriate for a professional association. A major aspect of assistance to the association will be to realign its activities, procedures, and staffing responsibilities to support the goal of its financial sustainability.

III. Goal
The goal of this intervention is to assist the Society of Architects in Belgravia to apply HICD methodology to (i) achieve the goal of financial sustainability, specifically generating sufficient revenues to continue to meet the needs of its constituency and (ii) to continue to advance the architecture profession in Belgravia.

IV. Role, Conduct and Meetings of the Stakeholder Group
In order to achieve the above stated goal, a BAA stakeholder group is hereby established to provide input and advice at the major stages in HICD development, implementation and evaluation. The BAA stakeholder group will play an advisory role and is not a decision-making body.
Advice and input from the BAA stakeholder group will be solicited by members of the performance assessment team on an as-needed basis and may be solicited in either one-on-one meetings or in a more structured setting, as circumstances require. However, at a minimum, stakeholder group input will be solicited by members of the performance assessment team at the HICD milestones listed below.

HICD Milestones for Stakeholder Group Input:

- Identification of performance gaps (meetings initiated and conducted by members of the performance assessment team)
- Identification and prioritization of measures to close performance gaps discussed with the stakeholder group members
- Selection of performance measures for monitoring performance.
- Review results of against performance measures (evaluation).

In addition to informal meetings, the performance assessment team will convene and chair structured meetings for all members of the BAA stakeholder group on a bi-annual basis. The primary function of these meetings will be for the performance assessment team to update stakeholder group members on the status and progress of implementation activities. Additionally at these meetings the performance assessment team may present findings, recommended a course of action, discuss next steps and solicit stakeholder group input and advice. The performance assessment team members shall prepare and distribute minutes from the bi-annual meetings to all members of the group.

V. Members of the Stakeholder Group
The stakeholder group has been developed to provide input from interested parties on the HICD development, implementation and monitoring processes. It consists of one representative from the following:
-- BAA executive board chair
-- USAID Program Officer
-- World Learning Program Manager
-- BAA member architect
-- Government Ministry of Urban Planning Official
-- USAID Technical Assistance Contractor
Members agree to the roles and responsibilities of the stakeholder group as described above in Section IV.

Name & title	Institution represented	Date signed	Signature
Hector Burnette, Chair, Executive Board	Belgravia Association of Architects		
Julia Raby Program Officer	USAID		
Claudia Hardin Program Manager	World Learning		
Giles Sanderson Senior Partner	Sanderson and Ogilvy, Architects		
Boris Kaminiski Under Secretary	Ministry of Urban Planning		
James van Eaton	Chief of Mission Homes for the People		

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APPENDIX 1.6 USAID REQUEST FOR PERFORMANCE ASSESSMENT TEMPLATE

From: [USAID Official and Title]

To: [Implementing Contractor, and title]

Date: [Date]

Subject: Performance Assessment of   [Organization]

A. Background Information Concerning the Targeted Institution

[Describe here in 2 to 3 paragraphs the organization. How is it structured, how large is it, how is it managed. What is its function? Why was it initially identified? – is it part of a larger activity?]

B. Objectives of the Performance Assessment

The objective of the performance assessment is to define measurable performance gaps and other challenges at   [organization]   and the fundamental causes of these gaps. Its purpose is to establish what should be   [desired or optimal performance], to identify what is [actual performance], and to identify the gap between the two. The assessment should result in a package of recommended performance solutions to address these gaps.

This performance assessment is the first step in the HICD process, and is the linchpin for the whole performance improvement system. It is a systematic and thorough workplace diagnosis and documentation that provides the basis for improving performance at the organizational, process, and worker levels. Recommendations from this assessment will be included in the Intervention Package, in the form of various requests for approval.

C. Components of the Performance Assessment

A performance assessment is a thorough research and consulting process that includes an assessment of the organization (mission, structure), work place (systems and processes), and workers (skills, knowledge, attitudes, job descriptions). Data will be gathered from a data review (annual reports, production reports, quality reports), interviews (workers, supervisors, management, customers/clients, other stakeholders), and observation (workers, workplace, tools and equipment, processes, procedures).

The assessment will be conducted by a performance assessment team comprising a Performance Consultant and a Technical Expert, and [a World Learning Program Manager].

The outcome of the assessment will be:

- Determination of Performance Gaps
- Identification of fundamental causes of Performance Gaps
- Design of an Implementation Package, to address fundamental causes and close Performance Gaps
- Development of a measurement system, based upon relevant performance indicators, to assess effects of the Intervention Package in closing the Performance Gaps

D. Time Frame

[Insert dates. Normally 3 – 4 months]

E. Estimated Budget

Performance Assessment Consultant:

        Fee
        International Travel
        Domestic Travel
        Meals and Incidentals
        Lodging
        Miscellaneous: Visa, Insurance, Other

                    Subtotal:

Technical Expert:

        Fee
        International Travel
        Domestic Travel
        Meals and Incidentals
        Lodging
        Miscellaneous: Visa, Insurance, Other

                    Subtotal:

   Total:

Name of Responsible USAID Official _____
Signature_____ Date _____

Name of Responsible USAID Official _____
Signature_____ Date _____

APPENDIX 1.7 SAMPLE QUESTIONS FOR IDENTIFYING PERFORMANCE GAPS

Performance Factor	Guiding Questions
Information: *Job expectations*	• Does the organization have a mission that is known by all? • How well do employees understand organizational goals? Are strategies developed and communicated to achieve those goals? Do strategies actually lead to fulfillment of the goals? Is there alignment between performance, goals, and strategies to achieve the goals? • How are goals set for work? How are employees involved in the goal-setting process? • Do employees know what is expected of them? If we asked people what is expected of them, would they be able to tell us? • How clearly are roles defined? • Do employees have clearly written job descriptions that describe what is expected of them? • What work needs to get done? Who does it? Is it clear who is supposed to do what? • Can employees tell doing it right from doing it wrong? • How are decisions made? Who makes them? How well does the decision-making process appear to work? How much input do people closest to the work have in making decisions? How decentralized is the decision making? Who can make decisions about spending money? How does this affect outputs?
Information: *Performance Feedback*	• How do employees know how their actual performance compares to the performance desired of them? • Does anyone give employees feedback on their performance? In writing? Verbally? • If you asked one of the workers how they are doing compared to what the organization wants, would they know? How would they know? • Is the feedback understandable to employees? • Is the feedback tied to something over which they have control? (i.e., their own performance?) • How is the accomplishment of goals measured and acknowledged?

Resources: *Environment and Tools*	• Do employees have all the items they need in order to do their job?
	• Are there better tools available?
	• Is the environment helping or hindering getting the desired performance?
	• Is there a specific link between the performance and any particular tools or resources that come to mind?
	• Either observe or ask questions to find out about:
	   o Electricity/light source, heat source
	   o Water source
	   o General space/private space
	   o Furniture, storage, equipment, supplies
	   o Vehicles
	   o Maintenance systems

Resources: *Organizational Support*	• Are organizational systems conducive to good performance? • Does adherence to policies and procedures allow for good performance? Or do policies and procedures create inefficiencies? • Do all parts of the organization work toward the same goals? • How is the organization structured? How does the structure help people get work done? How does it get in their way? • How is quality determined and measured? • Who makes decisions about budget items? Do employees have adequate input into budget decisions that will help them get their work done? • Are there any organizational processes that hinder effective work (e.g., a complicated clearance process that delays key supplies, tools or decisions needlessly)? • What kinds of meetings are there? Who attends? How do the meeting results contribute to work agendas? • What do employees need from a supervisor? Are they getting it? • How are problems solved? (Ask for examples.)

Incentives	• If people do a good job, what happens? Anything? Does their work life get better or worse somehow?
	• If people do not do the work the way it should be done, what happens?
	   o How do people get recognition for their work?
	   o How/when are incentives/rewards given?
	   o What opportunities exist for career development or promotions?
	   o What are the procedures/criteria applied to make decisions about rewards?
	   o What are the different existing mechanisms to recognize good staff performance?

Skills and Knowledge	• Do employees know how to do their job? • What kind of prior training have employees had that relates to how well they do their job? Was that training effective? • Were employees able to apply what they learned in the training program? Why or why not? • What could future training do to fill in skill and knowledge gaps? • What is the in-service training policy? Does it actually work as described? How well does it work in keeping employees up-to-date with the skills and knowledge they need to do their job?

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APPENDIX 1.8 PERFORMANCE SOLUTIONS PACKAGE TEMPLATE
Recommended Performance Solutions, Indicators and Results

[Institution]:

Form Completed by: [Name]   **Date: [MM/DD/YYYY]**

Performance Areas/Issues	Recommended Performance Solutions	Priority (H,M,L)	Timing (Qtr.)	Responsible Party(ies)	Budget	USAID Approval and Date	Performance Indicators	Actual Progress against Indicators (Results)

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APPENDIX 1.9 PERFORMANCE SOLUTION REQUEST FORM TEMPLATE

From: [INSERT MISSION OFFICER NAMES]
To: [INSERT HICD STAFFPERSON NAME]
Date: [INSERT DATE]
Subject: Performance Solution Request: **[INSERT TYPE]**

USAID Assistance Objective/Intermediate Result addressed:
[INSERT ASSISTANCE OBJECTIVE]
[INSERT INTERMEDIATE RESULT]

Situation/Problem: [DESCRIBE CONTEXT AND FUNDAMENTAL CAUSES OF PERFORMANCE GAP TO BE ADDRESSED]

Performance Solution Output: [DESCRIBE THE DESIGNED OUTPUT OF THE PERFORMANCE SOLUTION]

Performance Solution Outcome: [DESCRIBE THE IDENTIFIED PERFORMANCE GAP ONCE THE NAMED FUNDAMENTAL CAUSE HAS BEEN ADDRESSED]

Performance Indicators: [INSERT BENCHMARK FROM PERFORMANCE MONITORING SYSTEM (See Appendix 1.10)]

Scope of Work: [INSERT SUMMARY OF SCOPE OF WORK]

Profile of Expert: [INSERT EXPERT BACKGROUND/QUALIFICATIONS]

Performance Solution Period: [INSERT TIMEFRAME]

Location: [INSERT LOCATION, IF APPLICABLE]

Language: [INSERT LANGUAGE REQUIREMENTS]

Procurement:

Mode of Procurement: [INSERT MISSION PREFERENCE OF MODE OF PROCUREMENT, I.E., LIMITED COMPETITION, NON-COMPETITIVE AWARD, OR SOLE-SOURCE]

Estimated Cost: [INSERT ESTIMATED COST]

Cost Sharing: [INSERT COST SHARING ARRANGEMENTS]

Cost Containment: [INSERT COST CONTAINMENT MEASURES]

Funding Source: [INSERT FUNDING SOURCE]

Approval:
For the USAID/[INSERT MISSION] AO Team:

_____
[INSERT TECHNICAL OFFICER]   Date

For the USAID/[INSERT MISSION] Program Office:

_____
Program Officer   Date

APPENDIX 1.10 MEASURING RESULTS

A hallmark of HICD is its results-oriented nature. In order to gauge the success of an HICD project, it is important to establish measurable performance goals for each area of performance targeted through the HICD initiative. If a baseline of performance data does not already exist, the HICD contractor should work with the partner organization, as part of the HICD initiative, to establish some form of performance scorecard.

Institutionalizing a performance scorecard enables an organization to regularly monitor performance in critical areas that are leading indicators of the organization's overall performance success. A comprehensive scorecard will establish performance measures at every level of performance: individual worker level, process level, and organizational level with indicators at each level rolling up to the next highest level and ultimately providing a consolidated performance report card for senior managers to use in planning strategies and allocating the organization's resources to meet needs with the highest priority.

The Balanced Scorecard (BSC), originally developed by Robert S. Kaplan and David P. Norton and described in their book, The Balanced Scorecard: Translating Strategy Into Action[2], measures performance of the organization from four perspectives. Their model has been modified to address the unique concerns of public-sector organizations:

PUBLIC-SECTOR BALANCED SCORECARD

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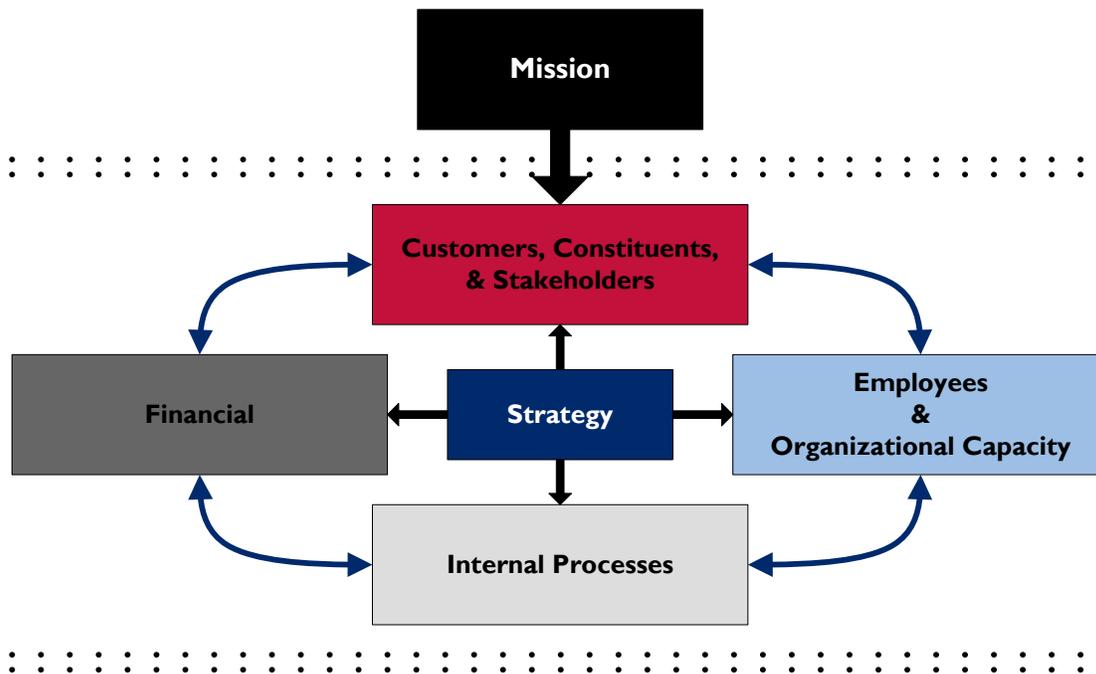
[2] Robert S. Kaplan and David P. Norton, *The Balanced Scorecard: Translating Strategy Into Action* (Boston: Harvard Business School Press, 1996): 24.

1. The Employees & Organizational Capacity Perspective

An organization's ability to innovate, improve, and learn ties directly to its value as an organization. Managers must answer the question, "Can we continue to improve and create value for our services?" Does the organization address the importance of the human system?

2. The Internal Processes Perspective

Managers need to focus on those critical internal operations that enable them to satisfy customer needs. They must answer the question, "What must we excel at?"

3. The Customers, Constituents, & Stakeholders Perspective

Managers must know if their organization is satisfying customer, constituent, and stakeholder requirements, subject to government mandates and limitations. They must determine the answer to the question, "How do customers and stakeholders see us?"

4. The Financial Perspective

In the private sector, these measures have typically focused on profit and market share. For the public sector managers must answer the question, "How do we look to our constituents, our Government, and other stakeholders?"

Metrics are developed from each perspective based on the priorities of the strategic plan, and provide the critical information from which management can analyze the performance of the organization. The attached scorecard illustrates sample metrics from each BSC perspective.

While using a performance scorecard does not obviate the need for external assessments, it provides a tool for the Partner's managers to make course corrections related to strategy, or to routinely identify potential performance problems before they adversely impact the organization's constituents. External stakeholders may use the scorecard as an indicator of the need for a targeted assessment in performance areas indicated by low or unacceptable scores.

A performance scorecard may be a valuable tool for USAID as it provides results-based information on USAID's partners and their performance improvement initiatives that may be used to inform the annual reporting process. The scorecard will, of course, be of greatest value to USAID when the partner's performance goals are clearly and directly aligned with USAID's results framework.

Illustrative Balanced Scorecard - Department of Energy, Federal Procurement System

FINANCIAL		
Objective	**Measure**	**Target**
1. Optimum Cost efficiency of purchasing operations	Cost to spend ratio	.012

INTERNAL PROCESSES		
Objective	**Measure**	**Target**
1. Acquisition Excellence	Extent to which internal quality control systems are effective.	85% and no sustained protests.
2. Reduction in overage instruments	% Reduction in overage acquisition and financial assistance instruments.	10% of each year's beginning total
3. On-time delivery	% contracts where contractual delivery date meets actual delivery/acceptance date.	96%

CUSTOMERS, CONSTITUENTS, & STAKEHOLDERS		
Objective	**Measure**	**Target**
1. Customer satisfaction	Extent of satisfaction with timeliness, planning, and ongoing communications	85% for FY 2010 88% for FY 2010
2. Effective service/partnership	Extent of satisfaction with responsiveness, cooperation and level of communication	

EMPLOYEES & ORGANIZATIONAL CAPACITY		
Objective	**Measure**	**Target**
1. Employee Satisfaction	Superior Executive Leadership: Employee's perception of the organization's professionalism, culture, values, and empowerment.	84% 85%
2. Organization structured for continuous improvement	Quality Work Environment: Employee's degree of satisfaction with tools, communications, current benefits, and job security. Assessment of level of continuous improvement including effective quality culture, benchmarking and other improvement initiatives, and strategic planning actions.	81%

Information relevant to these metrics is collected for analysis. Decision makers examine the outcomes of various measured processes and strategies and track the results to guide the organization and provide feedback.

http://www.balancedscorecard.org/examples/index.html