



# HOW TO GET THE MOST OUT OF HICD FOR GOVERNMENT ORGANIZATIONS

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## INTRODUCTION

Through the publication of the Human and Institutional Capacity Development (HICD) Handbook,<sup>1</sup> USAID codified an HICD methodology for conducting sustainable performance improvement activities for its development projects and programs.

The purpose of the HICD initiative is captured in the following Handbook paragraph:

*"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<sup>2</sup>, non-profit organizations and professional associations. HICD will enable these organizations to responsibly meet the needs of their countries and their citizens."<sup>3</sup>*

While HICD can be applied to any type of organization...**"including government organizations"**... the last sentence in the above purpose statement seems to place greater weight on the primacy of government organizations by pointing out that HICD will enable the organizations to address the needs of "countries and their citizens", a broader mandate than "non-profit organizations and professional associations" typically address.

Therefore, although HICD will still be used to improve the performance of non-government organizations, non-profits, and even small private enterprises acting as USAID contract implementers - each becoming more important partners under current USAID policies - **government organizations** will continue to be the host country partners for which *"strengthening institutional capacity is one of the greatest challenges faced by USAID."*<sup>4</sup> Most development professionals who have attempted to assist government organizations strengthen their institutional capacity have experienced this challenge firsthand. Therefore, it is anticipated that HICD will be a very useful tool in the expanding tool kit for public sector administration reforms that are aimed at creating *"country partner organizations capable of providing quality services and products to their constituents and stakeholders"*.<sup>5</sup>

HICD joins an impressive list of public administration reforms that have been introduced over the past fifteen years. Many of these reforms in public sector administration have been implemented (although with mixed results) throughout the developing world, often as individual capacity building initiatives sponsored

<sup>1</sup> USAID, (2011) "Human and Institutional Development (HICD) Handbook", Office of Education, Bureau for Economic Growth, Agriculture & Trade (EGAT)

<sup>2</sup> Government organizations include executive branch ministries, agencies and commissions, state owned enterprises (SOE); legislatures and independent bodies such as the auditor general or ombudsman (where appropriate) as well as judicial branch entities. All entities that have been authorized by law and receive an appropriation are included in the definition of "government organization"

<sup>3</sup> USAID, (2011), HICD Handbook, pg. 5

<sup>4</sup> USAID, (2011), HICD Handbook, pg. 5

<sup>5</sup> USAID, (2011) HICD Handbook, pg. 5

by donors or development banks using their own unique methods. Accordingly, the institutional context assessment, conducted at the launch of all HICD initiatives, as well as the performance improvement solutions package, will frequently need to take account of the existence of other public administration reforms efforts, such as those listed in **Annex 1, Public Administration Reform Tool Kit**, which are taking place in either the government as a whole or in an individual government organization.

In addition, donors and academics have offered various alternative means of promoting human and institutional development. Several of these human and institutional capacity development approaches are listed in **Annex 2, Comparison of Performance Improvement/Institutional Development Approaches**. They include the basic principles for USAID's HICD methodology, the World Bank's Capacity Development and Results Framework (CDRF), the Capacity Assessment (CA) Framework promoted by UNDP and a new approach termed Problem-Driven Iterative Adaptation (PDIA)<sup>6</sup>. Similar multiple reform initiatives exist in strategic planning, public financial management, procurement, and other government functions. Knowing the state of play for these reforms and the approaches being used for human and institutional capacity development would be very important information for HICD implementers to collect and analyze at the outset of the HICD engagement.

For government organizations already engaged in one or more of these public administration reform efforts, HICD projects can capitalize on this foundation and thereby accelerate performance improvement. Alternatively, in government organizations which are not engaged in public administration reform efforts the HICD consultants can adapt and apply many of the public administration reforms such as those noted below, as appropriate. In either case, HICD will be much more relevant and have a much greater prospect for sustained success if its "solutions" are a contributing factor - and aligned with - overall public administration, performance and service delivery efforts of the government organization.

## RE-FOCUSING HICD'S HOLISTIC APPROACH

HICD is expected to be a holistic approach, which is a process based on **organizational** needs, including a systems approach to improve performance allowing multiple types of performance solutions which are results oriented at the **organizational** level. This is consistent with the following statement in the HICD Handbook that "(a)n 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"<sup>7</sup>.

This principle - that HICD is a holistic process which addresses performance at three levels - is especially true for government organizations which operate within a uniform legal/regulatory and financial management framework. The Handbook correctly states that "(p)erformance 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 levels of performance*"<sup>8</sup>

The Handbook, however, places greater emphasis on the Individual Performer Level. The HICD Handbook identifies six (6) factors in the "Updated Behavior Engineering Model" that affect the individual and the environment within which the individual works. The Handbook states, "(t)hrough 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."<sup>9</sup>

While, arguably, this emphasis on factors that only affect individuals and their working conditions would be appropriate for NGOs and non-profits, improving performance in government organizations, because of this uniform legal/regulatory and financial management framework, must address each and all of the three levels - individual, process, and organization- to be successful.

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<sup>6</sup> Andrews, M., Bategeka, L., (2013), "Overcoming the limits of institutional reform in Uganda", CID Working paper N0.269, Harvard Kennedy School, Cambridge MA

<sup>7</sup> USAID (2011), HICD Handbook, pg. 8

<sup>8</sup> USAID (2011), HICD Handbook, pg. 8

<sup>9</sup> USAID (2011), HICD Handbook, pg. 6

Therefore, the three-level-alignment principle requires a more comprehensive assessment of factors that are impeding performance in government organizations. It will also require more time to drill down to find the root causes, a key term in the HICD process which may not get enough attention but which is essential to the development of an effective solutions package for government organizations. Finding the root causes of performance problems is an analytical and strategic way of looking at the government organization at all three levels. That search for the root causes will require the involvement of the organization's leaders, managers and technical staff whose understanding of **their** strengths and weaknesses will lead to more relevant solutions.

However, the purpose of this paper is not to suggest that HICD should be expanded into a broader, more comprehensive public administration reform approach for government organizations. Rather, it is intended to reinforce the basic principles communicated in the HICD Handbook and enable practitioners to add even greater value to their work with government organizations. In that way "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."<sup>10</sup>

Below is the matrix included in the HICD Handbook for the six performance factors that relate to the individual level. Note that the matrix has been "flipped" top put emphasis on the key performance factors first and then the environment within which they exist.

Table I: Updated Behavior Engineering Model

<b>INDIVIDUAL</b>	<p><b>Knowledge and Skills</b></p> <ul style="list-style-type: none"> <li>■ Employees have the necessary knowledge, experience and skills to do the desired behaviors.</li> <li>■ Employees with the necessary knowledge, experience and skills are properly placed to use and share what they know.</li> <li>■ Employees are cross-trained to understand each other's roles.</li> </ul>	<p><b>Capacity</b></p> <ul style="list-style-type: none"> <li>■ Employees have the individual capacity to learn and do what is needed to perform successfully.</li> <li>■ Employees are recruited and selected to match the realities of the work situation.</li> <li>■ Employees are free of emotional limitations that would interfere with their performance.</li> </ul>	<p><b>Motives</b></p> <ul style="list-style-type: none"> <li>■ Motives of employees are aligned with the work and the work environment.</li> <li>■ Employees desire to perform the required jobs.</li> <li>■ Employees are recruited and selected to match the realities of the work situation.</li> </ul>
<b>ENVIRONMENTAL</b>	<p><b>Information</b></p> <ul style="list-style-type: none"> <li>■ Roles and performance expectations are clearly defined; employees are given relevant and frequent feedback about the adequacy of performance.</li> <li>■ Clear and relevant guides are used to describe the work process. The performance management system guides employee performance and development.</li> </ul>	<p><b>Resources and Tools</b></p> <ul style="list-style-type: none"> <li>■ Materials, tools, expert support, and time needed to do the job are present.</li> <li>■ Processes and procedures are clearly defined in reference documentation.</li> <li>■ Overall physical and psychological work environment contributes to improved performance; work conditions are safe, clean, organized, and conducive to performance.</li> </ul>	<p><b>Incentives</b></p> <ul style="list-style-type: none"> <li>■ Financial and non-financial incentives are present; measurement and reward systems reinforce positive performance.</li> <li>■ Jobs are enriched to allow for fulfillment of employee needs.</li> <li>■ Overall work environment is positive, where employees believe they have an opportunity to succeed; career development opportunities are present.</li> </ul>

This matrix is a very useful checklist of the performance factors that affect ONE level of the three tiered HICD framework. To achieve the goals of the HICD model, it is necessary to identify performance factors at the process and organization level, as well if the assessment is to be complete and the overall performance solutions package is to have the desired effect.

<sup>10</sup> USAID, (2011), HICD Handbook, pg. 6

## PERFORMANCE FACTORS AT THE PROCESS LEVEL

Below (Table 2) is a matrix of possible performance factors at the **process** level, as well as the environmental factors related to the processes typically found in government organizations. These six additional performance factors reflect the fact that government organizations operate in a very complex regulated environment in which processes - the ways that "the rules of the game" are enforced - hold the organization together as a unified cohesive organism. Even after all of the individual performance factors are considered



processes such as human resource management (recruitment, appraisal, promotion), financial management, procurement and similar processes must be considered under a HICD approach that is seeking a holistic solution to performance problems. The Process Level Performance Matrix may be adjusted to focus in on other issues depending on the specific situation observed in the government organization seeking to improve performance.

Table 2: Process Level Performance Matrix

<b>PROCESS</b>	<p><b>Management Systems</b></p> <ul style="list-style-type: none"> <li>▮ Organizations have clearly defined systems to plan and manage programs and activities.</li> <li>▮ Evidenced-based monitoring of progress and results is an integral part of decision making.</li> </ul>	<p><b>Budgeting/Finance</b></p> <ul style="list-style-type: none"> <li>▮ The organization allocates resources strategically on the basis of measured improved performance and service delivery to stakeholders and constituents.</li> <li>▮ Within the organization, financial integrity is seen as everyone's responsibility.</li> </ul>	<p><b>Communications</b></p> <ul style="list-style-type: none"> <li>▮ Sharing information openly, transparently and accurately is a core value of the organization.</li> <li>▮ Scheduled and dependable information sharing mechanisms exist to discuss performance.</li> <li>▮ Vertical and horizontal information sharing is the norm.</li> </ul>
<b>ENVIRONMENTAL</b>	<p><b>Technology</b></p> <ul style="list-style-type: none"> <li>▮ Computers and, perhaps, mobile phones are used to improve performance and increase efficiency.</li> <li>▮ Networks link the organization to uniform financial and human resource systems of central government.</li> </ul>	<p><b>Power</b></p> <ul style="list-style-type: none"> <li>▮ Electrical power supply is available and reliable for all processes, especially in support of decentralized operations.</li> </ul> <p>For services that depend on computers for transparency, financial control and audit trails, such as ASYCUDA and other revenue collection tasks, back-up generators are provided and fueled.</p>	<p><b>Software Tools</b></p> <ul style="list-style-type: none"> <li>▮ E-mail services exist to facilitate the exchange of information among staff so as to share information and achieve greater efficiency.</li> <li>▮ Regulations have been created and are effectively monitored to prevent viruses due to unauthorized games and personal</li> </ul>

## PERFORMANCE FACTORS AT THE ORGANIZATION LEVEL

Even after considering the individual and process level performance factors that affect a government organization, a holistic HICD approach also must consider the organization itself and how to enable its leaders to create a supporting environment for processes to work effectively and individuals to be motivated to perform.

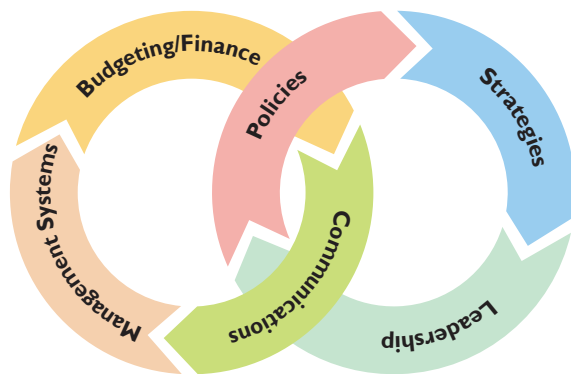
Table 3, following is the Organization Level Performance Matrix, which presents possible environmental factors at the organization level as well as the key organization factors themselves, such as LEADERSHIP, POLICIES AND STRATEGIES. The inclusion of these factors, or similar ones deemed appropriate for the specific situation under review, contributes to a thorough and holistic approach to performance improvement in government organizations, which is the purpose of HICD.

Table 3: Organization Level Performance Matrix

<b>ORGANIZATION</b>	<p><b>Leadership</b></p> <ul style="list-style-type: none"> <li>■ The leader and other senior managers espouse improved performance through efficient and effective delivery of quality services.</li> <li>■ Performance goals and objectives are published, pursued and measured</li> </ul>	<p><b>Policies</b></p> <ul style="list-style-type: none"> <li>■ The organization promotes active learning and creative approaches to delivering services and improving performance</li> <li>■ Policies are adopted so as to reach the highest number of beneficiaries with the best available service.</li> </ul>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>■ The organization has adopted measures to get the highest and best use from available resources.</li> <li>■ Numerous means are deployed to increase contacts with, and involvement of, stakeholders and constituents.</li> </ul>
<b>ENVIRONMENTAL</b>	<p><b>Focus</b></p> <ul style="list-style-type: none"> <li>■ Organizational goals and objectives are clearly defined both for medium/long term strategic results as well as for annual outputs</li> <li>■ Time, energy and resources are aligned through the worker, process and organizational levels and concentrated on accomplishing goals and objectives</li> </ul>	<p><b>Service Standards</b></p> <ul style="list-style-type: none"> <li>■ The quality, frequency, cost, accuracy and reliability of services is defined, published and used by the organization to assess progress, appraise personnel and justify budgets.</li> <li>■ Stakeholders are aware of their rights to services in accordance with published rates and performance standa</li> </ul>	<p><b>Stability</b></p> <ul style="list-style-type: none"> <li>■ Key management positions are secure and protected against political interference or arbitrary human resource management decisions.</li> <li>■ A succession policy (or sufficient depth at lower levels to assure progression of skilled managers) has been adopted and published.</li> </ul>

This multi-level - i.e., individual, process and organization - assessment methodology is a more holistic approach to improving performance and, accordingly, will help to identify and target the most appropriate performance improvement interventions for government organizations. When applied, this comprehensive approach to HICD will lead to alignment among the three levels and help implementers identify linkages or synergies among various performance improvement activities so that they actually constitute a "package" of assistance.


Obviously, assessing eighteen performance factors (six for each of the three levels: individual, process and organization) will be more difficult and time-consuming. However, it will be worth the effort if it leads to improved performance by government organizations. Providing skilled **individuals** with effective **processes** and strong **organizational** leadership will help governments to perform better. Concentrating on these areas, as appropriate, to help achieve a desired future performance state is the purpose of an HICD initiative.



## CONCLUSION

This discussion paper is intended to stimulate thought and provoke discussion among those advocates of HICD wishing to see a maximum impact of their initiatives in government organizations. It is not a critique or criticism of current practice. Rather it is offered as a way to **get the most out of HICD in government organizations.**

It has the advantage of greater coverage and depth of analysis and therefore should contribute to better solutions. It has the disadvantage of requiring more time to be spent to enable HICD implementers to secure a more granular understanding of the root causes of the organization's performance problem. In light of USAID's objectives of sustainable performance improvement, this disadvantage should not be a barrier to the use of this broader diagnostic tool.

**Annex 3, Key Characteristics of Government Organizations** is a checklist for HICD implementers working in government organizations. Since solutions packages for performance improvement are intended to be sensitive to the "context", the checklist will assist implementers to have a better understanding of some of the factors that need to be considered when crafting a HICD approach. 

## John Dalton

John Dalton has been currently working as the Chief of Party (COP) of USAID's ACME activity in Bangladesh. Earlier he has been a senior manager in State Government (Director of Local Government Affairs for the State of Massachusetts);, a senior consultant and manager for two international management consulting companies; CEO of a company providing institutional strengthening services to numerous state agencies and local governments in the USA; and, for the past twenty years, a free lance public sector performance management, finance, and anti-corruption specialist who has implemented numerous performance improvement and institutional development projects in Africa, Asia, and the Middle East for USAID, UNDP, the World Bank and the Asian Development Bank.

One example from among numerous international capacity building projects conducted in Ethiopia, DRC, Pakistan, Zimbabwe, Philippines, Zambia, and the USA, his Performance Improvement Program (PIP) methodology for the Cairo Water Authority was independently evaluated as the highest rated and most sustainable project in USAID's multi-billion dollar water/wastewater sector investment program. Recently, he has implemented HICD/PIP projects for regions and cities in Ethiopia and completed both performance and impact evaluations of the HICD components of three USAID projects in Liberia.

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## The Public Administration Reform Tool Kit

The HICD Handbook provides guidance for conducting a performance assessment including an assessment of "institutional vision, mission, values, goals and strategies", "financial and resource management systems", "human resource management systems", and "monitoring and evaluation systems"<sup>11</sup>. There are similarities between that list and the many reforms which the HICD consultants may encounter when conducting the institutional context assessment and constructing solutions packages, including the following:

- ◆ **Public Sector Strategic Planning** - "strategic" plans - that is plans that are resource constrained and use all possible policy, management and finance tools at the disposal of government to get the most output for the money available - have been developed for countries, sectors, institutions and functions as well as for sub-national governments, including provinces and municipalities. Many government officials, especially technical staff, have learned the basic principles, operative terms and specific steps in the strategic planning (SP) process. Many also understand the importance of focusing on clear objectives and concentrating available resources on their attainment. A strategic approach to assessing the context within which the organization operates and then crafting a solutions package that is implementable given resource limitation will fit the local situation wherever strategic planning is already being used.
- ◆ **Program or Results-Based Budgeting** - governments are also implementing budgeting processes that are organized by programs (i.e., groups of activities that are joined together to achieve a common purpose). These programs are focused on achieving results. The costs to achieve these desired results may be aggregated within a variety of budget formats as long as they are managed as coordinated inputs. Results Based Budgeting (RBB) is often a component of an overall Results Based Management approach, an integrated set of modules promoted by UNDP, EU and the World Bank. Since HICD is all about performance results, there is an opportunity to use an RBB approach when preparing a fully costed budget for the solutions package and not only answer the typical client's question: "*what will it cost to achieve the specific objective?*", but also create a deeper understanding by government leaders about how to think strategically about costs and benefits when implementing projects.
- ◆ **Procurement Reforms** - governments have implemented standard reforms in public procurement seeking efficiency, transparency, effectiveness (value for money) and accountability in one of the largest areas of public expenditure. Reforms have been introduced in centrally administered uniform policies as well as in standard operating procedures at each government agency. These reforms also have the added benefit of reducing opportunities for corruption. When government organizations contract for services to implement a solutions package they should comply fully with procurement laws and regulations.
- ◆ **Participatory Approaches to Problem Solving** - Rather than having outside experts install **their** solutions, local professionals with in-depth understanding of local conditions can "muddle through" a participatory process and craft solutions that work in the local context. Recent research<sup>12</sup> has confirmed that "best practice" needs to be scaled back to "best fit" in countries with weak capacity and limited budgets. Local professional and

<sup>11</sup> USAID, (2011), HICD Handbook, pg. 18

<sup>12</sup> Andrews, M.(2013), "the Limits of Institutional Reform in Development, Cambridge University Press

technical staff are probably in the best position to identify root causes of performance problems and to propose solutions that fit the context.

- ◆ **Performance Management - many governments** - whether for something as broad as a poverty reduction strategy or for something more focused, such as a single development project - are using evidenced based approaches tied to performance indicators. Those governments will carry out scheduled reporting of performance and will monitor progress against planned results. The more quantitative the approach to performance monitoring the more likely it will be that such information is being used for analysis, conducting planned-to-actual comparisons and implementing the "cycle processes of continuous performance improvement"<sup>13</sup>, which HICD is intended to motivate.
- ◆ **Public Oversight and Reporting** - transparency in public sector planning, finance and management has been adopted by many middle income countries and several developing countries, as well. These initiatives include the Open Budget Initiative (OBI), citizen charters, publication of concession agreements, etc. The principle of informing citizens has been adopted by numerous governments with numerous others waiting for guidance on how to make this possible. HICD recommends that implementation progress be shared with stakeholders and constituents, a good practice that could be extended to other activities.
- ◆ **Human and Institutional Capacity Development** - helping government organizations identify the obstacles which negatively affect desired performance and then developing a program aimed specifically at the causes of non-performance has replaced general assumptions that training and technical assistance will lead to better governance and improved services to stakeholders and constituents. USAID has labeled its methodology HICD but other approaches include the World Bank's Capacity Development and Results Framework (CDRF), UNDP's Capacity Assessment (CA) Framework, and a new, very promising, approach called Problem Driven Iterative Adaptation (PDIA). A summary of these human and institutional capacity development tools is included as Annex I.

The above public administration reforms are directly related to sustainable development in government organizations.

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<sup>13</sup> USAID (2011), HICD Handbook, pg.7



### Comparison of Performance Improvement/Institutional Development Approaches

Approach	Advocate	Principles
Human and Institutional Capacity Development  HICD	USAID	<ul style="list-style-type: none"> <li>■ Institutional Context Assessment (similar to the PESTEL environmental scan under strategic planning) will create a common understanding of both external conditions and internal factors.</li> <li>■ Client-defined desired performance level compared to a documented baseline of actual performance.</li> <li>■ Root causes of the performance gap leads to a measurable solutions package targeted directly to closing the specific performance gap (not a generic capacity development approach).</li> <li>■ Continuous monitoring of progress toward actually producing the anticipated performance result.</li> <li>■ Transfer of skills and systems to sustain the HICD methodology</li> </ul>
Capacity Development and Results Framework  CDRF	World Bank	<ul style="list-style-type: none"> <li>■ Country development goal validated by stakeholders</li> <li>■ Identification of the problem, in terms of institutional capacities and priority characteristics that impeded or enable reform</li> <li>■ Change strategy with change processes that can be supported by action planning and stakeholder initiatives</li> <li>■ Results framework with monitoring and evaluation (M&amp;E) arrangements.</li> </ul>
Capacity Assessment (CA) Framework	UNDP	<ul style="list-style-type: none"> <li>■ Mobilize and design by clarifying objectives and expectations, engaging stakeholders, adapting framework to fit local conditions and COST the capacity assessment process</li> <li>■ Conduct capacity assessment by establishing desired future "capacities" and comparing these to existing capacity levels</li> <li>■ Formulate capacity development reform strategies and define progress indicators and COST the capacity development strategies</li> <li>■ Conduct continuous dialogues with clients and stakeholders and ensure on-going learning to promote ownership</li> </ul>
Problem-Driven Iterative Adaptation  PDIA	Harvard University  Center for International Development	<ul style="list-style-type: none"> <li>■ PDIA focuses on solving locally nominated and defined problems in performance (as opposed to transplanting preconceived and packaged "best practice" solutions).</li> <li>■ It seeks to create an authorizing environment for decision-making that encourages positive deviance and experimentation (as opposed to designing projects and programs and then requiring agents to implement them exactly as designed).</li> <li>■ It embeds this experimentation in tight feedback loops that facilitate rapid experiential learning (as opposed to enduring long lag times in learning from ex post "evaluation").</li> <li>■ It actively engages broad sets of agents to ensure that reforms are viable, legitimate, relevant, and supportable (as opposed to a narrow set of external experts promoting the top-down diffusion of innovation).</li> </ul>

## KEY CHARACTERISTICS OF GOVERNMENT ORGANIZATIONS

	CHARACTERISTICS	CONSIDERED ✓
1	<b>FISCAL YEARS:</b> Government organizations operate within a given fiscal year (FY). Fiscal years may be on the basis of a calendar year (January - December) or for the period, July 1 -June 30. Other variations may also exist. (e.g., USG). The thirty days at the end and beginning of fiscal years can be very focused on administrative affairs. Timing of HICD activities relative to fiscal years is an important consideration.	
2	<b>BUDGETS:</b> Government organizations within an appropriation <b>law</b> - a budget - which prescribes the specific expenditures they may incur. In some instances there may be enough flexibility to allow a government organization to use budgeted funds to support an HICD initiative. In other cases , especially for multi-year initiatives, it may be necessary and appropriate for government organizations to include "support for HICD" in their budget request.	
3	<b>RELEASE OF FUNDS:</b> Government organizations may expend funds after they are "released" by a Government's finance agency (Ministry, Department). When there has been a delay in the actual budget appropriation, the release may be apportioned (1/12 of the prior year's approved budget). Similarly, at the end of a FY when actual revenues are less than anticipated, the Government's finance agency may also impose some restrictions on the release of funds. HICD solution packages that depend on matching funds for implementation could be affected by these policies. The institutional context assessment should identify these possible constraints especially relative to the past budget history of the Government.	
4	<b>AUTHORITY TO EXPEND FUNDS:</b> Even after matching funds have been included in the budget ,approved by the legislature and released to the government organization, many governments require prior approval of a purchase order, commitment, or contract before costs to support an HICD-linked solutions package can be incurred. Effective expenditure planning is an important consideration. Also, Minister is not like the CEO of an NGO or non-profit company	
5	<b>PROCUREMENT:</b> A government organization may commit itself to procure goods and/or services to implement their solutions package and close the performance gap. Many governments have instituted procurement reforms to improve transparency and reduce opportunities for fraud waste and abuse. These new rules and regulations could entail a longer timeframe and may introduce other provisions that will need to be factored into the action plan timeline.	
6	<b>CONTRACTING:</b> In some instances, a USAID project may include provisions that allow a government organization to obtain competitive bids (procurement) and then enter into a contractual agreement to obtain the required services to implement the solutions package. The HICD implementer can review proposals and advice the organization on selection and then help to develop their skills in monitoring and supervision.	
7	<b>DISCRETIONARY AUTHORITY IS REGULATED:</b> Government organization's are highly regulated. The solutions package MOU reflects that reality. Both of the parties (USAID and the government organization) have limited discretionary authority to enter into contracts. In addition, HICD implementers need to be very aware that a signature on a document that only represents best intentions needs to be intensively and frequently monitored.	
8	<b>AUDITS OF PUBLIC FUNDS:</b> If public funds are used to fund the implementation of any portion of the solutions package, the overall activity will be subject to an ex post audit. Such audits will look at compliance (i.e., did the organization follow the rules and regulations) and more and more, the auditor will look at performance - did the government get what it paid for. The implications of this are that the solutions package must be designed and implemented as an activity that accepts the government's rules as well as complying with those imposed by USAID.	
9	<b>PUBLIC REPORTING:</b> Transparency and accountability to the stakeholders and constituents of the government organization can be achieved by creating measurable indicators, monitoring progress and performance throughout the implementation period and openly sharing results with those external interests who will be impacted by the HICD initiative to improve performance.	