STRATEGIC CAPACITY BUILDING: THE 20:80 RULE

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1. Introduction

Capacity building models by donors in developing countries often consists of three components: training, pilot demonstration projects and provision of technical assistance experts and equipment. However, this model has been criticized as being ineffective in building institutional capacity, undermines local ownership, distorts priorities, promotes islands of excellence but meager in its impact and is unsustainable (UNDP 2002, OECD 1992, World Bank 1998).

UNDP's criticism of this model of capacity building stems from several flawed assumptions. First, this model assumes that it is possible to simply ignore existing capacities in developing countries and replace them with knowledge and systems produced elsewhere. Second, it assumes that the relationship between donors and recipients as one of equal partnership but in reality it is more asymmetric, distorted and discontinuous. Third, the model assumes that human resource is at the core of capacity development, a problem that can be addressed through formal trainings that aims to transfer knowledge in a top-down manner, a model which assumes that there is no need to reinvent the wheel.

Of the three approaches to capacity building, training plays a central role. For instance, the World Bank finances $720M in trainings yearly, 90 percent of which are conducted through project loans. In 60 percent of its projects, training is integral to the achievement of project objectives. Projects in the health, nutrition, and population sector involve the most training accounting for 16 percent of total project costs. For JICA, training also plays a central role in its capacity building portfolio with an emphasis on building technical skills and knowledge as well as improving motivation and commitment.

Despite its importance, few donors bother to rigorously evaluate the effectiveness of trainings. One example is the recent study by the Independent Evaluation Group of the World Bank (2008) on Bank funded trainings. The study – was notable for its fairly rigorous methodology - focused on three questions, namely: 1) Did training result in acquisition of new knowledge and skills relevant to the achievement of development objectives? 2) Are trainees applying acquired skills in the workplace in a manner likely to contribute to the achievement of broader development goals? 3) Is there evidence of improved institutions or enhanced organizational performance as a result of training?

To answer these questions, the report undertook 1) field studies of 37 training programs worldwide, 2) desk review of projects, 3) literature review, 4) participant survey in six country training programs, 5) benchmarking of good training practices, 6) pre- and post-test data from 45 client skill-building courses, 7) process analysis to

identify success factors as well as 8) a series of key informant surveys. The report acknowledges that the absence of even basic results measurement in much Bank-financed training is a major shortcoming. No similar studies of comparable methodology are available from JICA funded governance capacity trainings.

The study finds a troubling conclusion - *that current approaches to training are often ineffective, inefficient and unsustainable*. For instance, in World Bank funded trainings, participants learn less than 10 percent of the material; 20 percent of training courses have no statistically significant impact on learning, individual learning results are poor predictors of enhanced workplace performance and in only 50 percent of the time did training lead to substantial changes to work place performance or enhanced development capacity of target institutions.

Three factors are cited in the study to explain why current approaches to training are often times ineffective: poor pedagogy, inadequate support for transfer of learning to workplace and inadequate targeting of training to organizational needs. First, the problem of poor pedagogy is associated with two common problems: the mismatch in the design of the curriculum with the training needs of participants and teaching methods that are not appropriate for participant level training goals. Second, the problem of inadequate support for transfer of learning to workplace is associated with the lack of in-class preparation to facilitate implementation of learning in the workplace, for example lack of action learning and practical exercises appropriate to the workplace and lack of follow-up support. Finally, the problem of inadequate targeting of training to organizational needs arises in part because of 1) lack of organizational capacity diagnosis (it is not clear whether training is the solution to organizational capacity problems); 2) training needs assessment are seldom undertaken and 3) poor selection of training participants.

The purpose of this paper is to propose a framework for governance capacity building to increase its effectiveness, efficiency and sustainability. Examples from World Bank, USAID and JICA will be examined to draw practical lessons. The rest of the paper is organized as follows. In the next section, I examine the governance capacity building efforts by JICA in terms of its history, philosophy, thematic areas and how its approaches differ from other donors such as the USAID. In the next section, I propose a framework for capacity building that integrates approaches to individual, organizational and institutional capacity building. In this section, I draw on some practical lessons from the experience of the World Bank and reflect on their implications to Japanese assistance in capacity building. A concluding section summarizes the arguments and their implications.

2. Governance Capacity Building by JICA

Since the late 1990s, JICA's portfolio of governance capacity building projects has included assistance for fair elections, operational reform of the police, judiciary and parliament, improvement of administrative functions, and development of laws and legal systems. However, these programs have been implemented solely in specific areas on an ad hoc basis. To address these limitations, JICA has since adopted a framework for governance-capacity building by systematically clarifying the concept of governance, streamline its efforts and identify the strengths and weaknesses of JICA's assistance in

this area. Annex 1 provides a framework for JICA's governance capacity building programs.

In general, JICA's role in governance capacity building in developing countries focuses on building individual and organizational capacities. Its role can be summed up in as follows (JICA 2005): 1) to raise awareness and provide options for developing new systems and mechanisms among government organizations and stakeholders; 2) to assist in the development of new institutions and mechanisms; and 3) to assist in the development of detailed measures and methods and the necessary organizational reform and human resource development for putting the systems and mechanisms into operation. Although the scope and scale varies, the number of projects focusing on the development of detailed measures and methods for organizational reform and human resource development is the largest among JICA's portfolio of governance projects, an area in which it has a long track record and a comparative advantage.

In practice, these objectives for governance capacity building are translated into six themes, namely: 1)   capability building for administration of criminal justice system; 2) development of national statistical systems; 3)   administration of criminal justice system; 4) local governance; 5) legal, electoral and judicial development and 6) administrative reforms. JICA undertakes these training programs in a selected set of developing countries around the world but in all these areas, training plays a central role in capacity building. Annex 2 summarizes these governance capacity building programs of JICA worldwide.

A distinct feature of JICA's approach to governance capacity building is its emphasis on country ownership, a philosophy summed up in the following policy statement:

"JICA considers it important that the government of the partner country promote improvement of governance and enhancement and consolidation of democratic institutions on its own initiative. In order to facilitate the endogenous processes without forcing a certain type of institutional reform from the outside, JICA assists the government of the partner country to select, develop and operate the necessary systems and institutions by providing information and engaging in dialog. In other words, it adopts approaches such as 'the provision of policy options' or 'joint thinking."

JICA's country ownership model is different from the supply driven models of other donors that requires aid assistance to be tied to the donor countries' strategic objectives in the areas of foreign policy, security and trade. For example, the USAID model of technical assistance to the Philippines is organized around the strategic interests and explicit policy preferences of the United States in the Philippines (Annex 3).

A second example is in the area of promoting democratic governance. Whereas the USAID approach to capacity development explicitly and aggressively promotes its liberal democratic model – multi-party elections and open contestation of political power, free press, human rights, judicial and legislative independence, vibrant civil society, among others, - Japan's model do not seek to question the political values of the country but rather attempts to raise awareness of alternative institutional arrangements such as that of Japan and other countries. This includes introducing the concept of democratic elections and how elections are held in other countries as well as voter

education to promote participation, election monitoring and post-election follow-up. In addition to awareness raising, JICA's assistance to democratic governance also focuses on the development of administrative systems and procedures, for example strengthening of election management and election boards.

A third example is in the area of administrative reform. JICA's business model focuses on improving the efficiency and effectiveness of administrative functions in government agencies. This includes assistance to facilitate reorganization of key government ministries, strengthening coordination across departments, strengthening of tax and customs administration, development of systems for public expenditure management, establishment of systems and procedures to improve citizen access to information, among others.

A fourth example is in the area of strengthening legal capacities. Here, the focus of JICA's assistance is on the development of skills in the drafting of legislative proposals or bills (usually focused on civil and commercial laws), provision of manuals on the drafting of judgments in civil cases and manuals how to prepare basic legal documents such as judicial precedent records, book of statutes and other legal manuals.

The preceding examples illustrate the point that JICA's business model is based on the assumption that technical cooperation with a specific focus on certain capacities in the public sector –with examples cited above – can contribute to capacity development and institution building on a broader scale when properly planed and managed. Thus, JICA's model of governance capacity building is largely focused on the development of specific organizational capacities, among others by improving organizational hardware and software – the structures, strategies, shared values, development of systems and procedures as well as provision of technical, legal and management and organizational skills, - and aligning them with the development challenges faced by their partner countries. JICA's business model is similar with that of other donors in its focus on individual skills and knowledge transfers but it differs with others in its emphasis on targeting government agencies and strengthening capacities for policy making and implementation.

3. Framework for Governance Capacity Development

Thus far, I have discussed the importance of training in capacity building and the need to improve training outcomes. I have also discussed JICA's focus on building organizational effectiveness by improving on administrative systems and raising awareness of alternative options.

I suggest that while training and improving organizational effectiveness are important in the overall scheme of capacity development, they are often inadequate and unlikely to have substantial, systemic and sustained impact given their incremental, fragmented and small scale effects. To substantially scale up the impacts of individual trainings and organizational capacity development, it is equally important to get the institutional context right. The relationships among individual and organizational capacity and the institutional context are presented in a stylized manner in Figure 1.
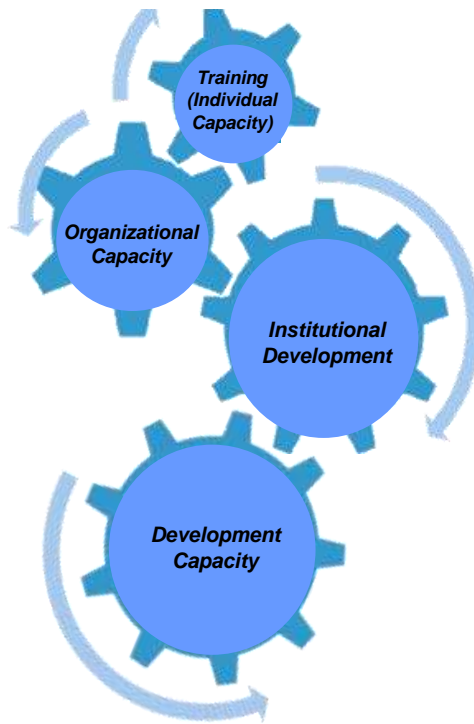
Figure 1 - The relationship between individual capacity, organizational capacity, institutional context and development capacity.

Envisioning and differentiating among individual capacity, organizational capacity and development capacity is important because individual capacities acquired through trainings do not readily translate directly into organizational capacity and organizational capacity does not necessarily translate to development capacity. Individuals in an organization can be capable but their organizations can be dysfunctional and embedded in a perverse set of incentives created by the broader institutional context. Individual government agencies can be islands of excellence in a sea of a dysfunctional institutional context.

Here, it is important to distinguish what we mean by organizations, institutions, governance and public policies. For these concepts to be operationally useful, we need to clearly define what we mean by each of these terms. An analogy from sports – say football – is useful. Institutions refer to the rules of the game – the formal and informal rules that facilitate or restrain behavior. Organizations refer to the players of the game, including the referees who monitor and enforce the rules of the game. Governance refers to the play of the game i.e. how organizations play the game given their strategic interests. Finally, public policy refers to the desired outcomes of the game (i.e. winning the game).

Seen this way, the impact of development capacity is a function of the institutional context which affects the functioning of organizations, the organizational context which affects workplace performance outcomes as well as the extent to which individual learning outcomes contribute to the improvement of workplace outcomes. Individual learning outcomes, however is a function of, among others, a good training design. These relationships are illustrated in Figure 2.

Figure 2 - Framework for linking individual learning to workplace performance outcomes and development capacity impacts

Thus, the proposed framework for governance capacity building envisions the integration of 1) individual capacity building through trainings that develop knowledge, values and skills; 2) organizational capacity building that focuses on ensuring the strategic fit among various hardware and software components of the organization and 3) improving the institutional context to increase the ability of organizations to meet the country's development challenges. In the following sections, I discuss each of these elements of the framework.

3.1. Individual capacity building

Training is a widely used instrument to develop individual capacity yet current models of training have been criticized as being ineffective. The question that needs to be asked then is what kind of a training design can help maximize the learning process in a significant and meaningful way? Studies have shown three factors to be crucial in ensuring the efficacy of training (Figure 3): 1) good pedagogy; 2) adequate support for the transfer of learning to the workplace and 3) adequate targeting of training to the needs of the organization.

Figure 3 Design factors associated with successful training

The training processes associated with each of these factors is outlined in the Table 1.

Factors for training efficacy	Associated training processes
Good pedagogy	• Professional curriculum design matched to training needs • Didactic methods are varied and appropriate for participant level and training goals
Adequate support for transfer of learning to workplace	• In-class preparation to facilitate learning in the workplace through action learning and practical exercises • On-the job follow up support
Adequate targeting of training to organizational needs	• What organization capacity gaps exists? Is training an appropriate means to addressing the gaps? • Training needs assessment. What is the present capacity of those to be trained? What training is needed to address the existing capacity gaps? • Strategic participant selection. Who should be trained to meet organizational goals?

Table 1 Design factors for successful training
Source: Independent Evaluation Group -World Bank (2008)

Pedagogy

There are various pedagogical models used in trainings, the most common of which is the lecture method. An alternative and more comprehensive pedagogical model

– referred to as the experiential learning model – is one example that could potentially improve the training learning process. In this model, participants are provided with opportunities to 1) experience the activity (do it); 2) share the experience (describe it); 3) process the experience (draw common themes); 4) generalize the experience (draw principles) and 5) apply the learning experience (see Figure 4).
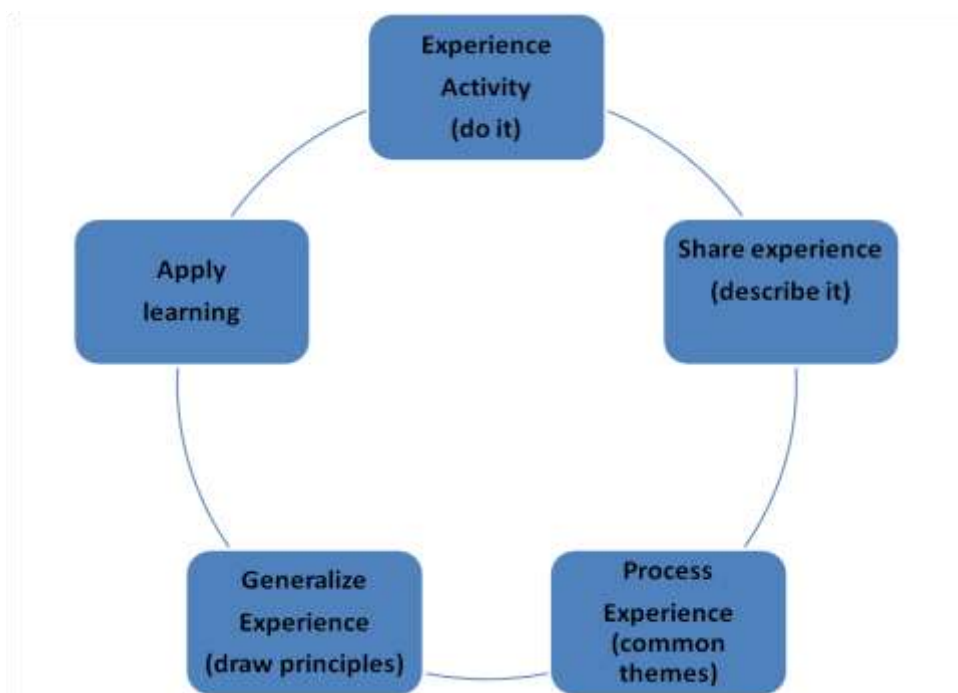

Figure 4 Framework for a training design using the experiential learning model

Communities of Practice

One model of support for the transfer of learning to workplace is through communities of practice (COPs) – web based groups or knowledge hubs with a common portal for exchanging ideas (Figure 5). COPs are fast becoming a standard approach to developing and sustaining networked based capacity building programs at a cost effective manner. Some examples include the COP for Managing for Development Results (MfDR), a community of practitioners and academics interested in sharing ideas on aid effectiveness. (www.adb.org/**MfDR**/**CoP**/default.asp). This is one model of capacity building that JICA can explore and build on more cost effectively and leverage on its vast alumni network.
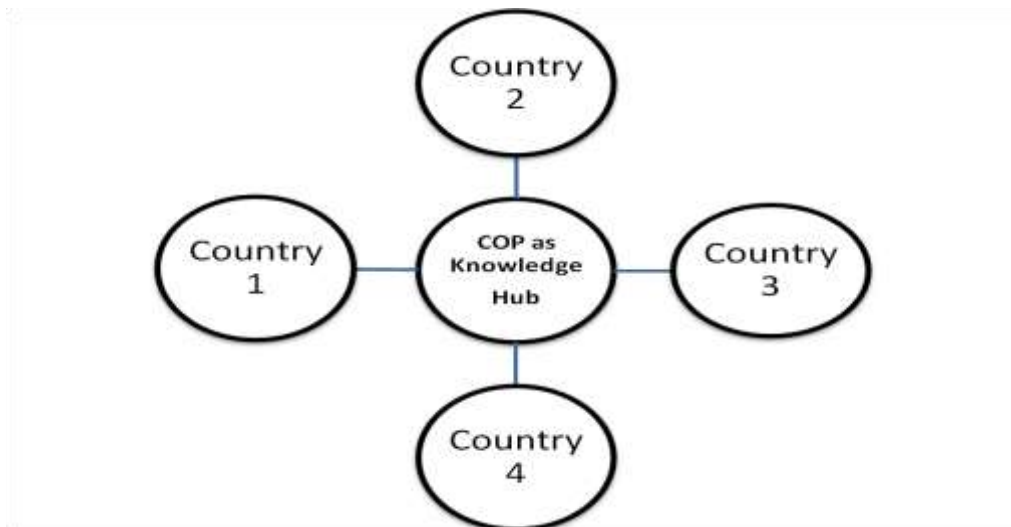
Figure 5 – Community of practice and knowledge hubs as a model of capacity building

Strategic Targeting

Training effectiveness is also a function of the adequacy of targeting of training to organizational need. Strategic targeting requires three components: *organizational diagnosis, training needs assessment for individuals and strategic participant selection (figure 6)*. *Diagnosis* of capacity gaps involves assessment of existing organizational, institutional, and human capacity gaps and of the appropriateness of training as a means to address these gaps. *Training-needs assessment* roots training design in an understanding of the present capacities of the individuals to be trained and the specific knowledge and skills that participants must acquire in order to meet development objectives. *Strategic participant selection* is necessary to ensure that the participants trained are those whose capacities must be built up in order to meet development objectives.
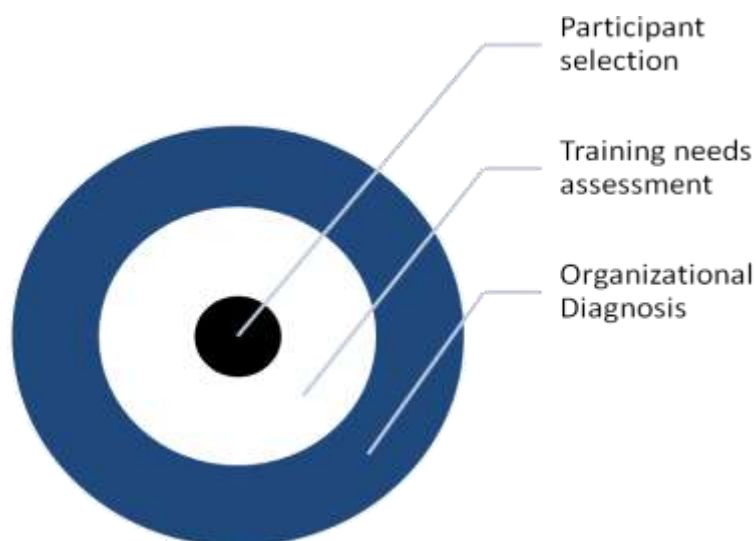

Figure 6 Strategic targeting of participants

Putting it all together

A framework is needed to summarize and put together in a coherent manner the various ideas discuss so far. Figure 7 integrates the training results chain i.e. how training is translated into individual learning, change in workplace performance and eventually its impact on development capacity. It also specifies the various assumptions that go along each of the results chain as well as the associated training processes needed.

For example, some of the training processes associated with this integrated framework includes 1) training needs assessment; 2) clear and specific learning goals; 3) professional curriculum design and pedagogy; 4) organizational capacity diagnosis; 5) strategic participant selection; 6) attention to organizational / institutional context; 7) practical learning exercises; and 8) mechanisms for follow up support, for example communities of practice.
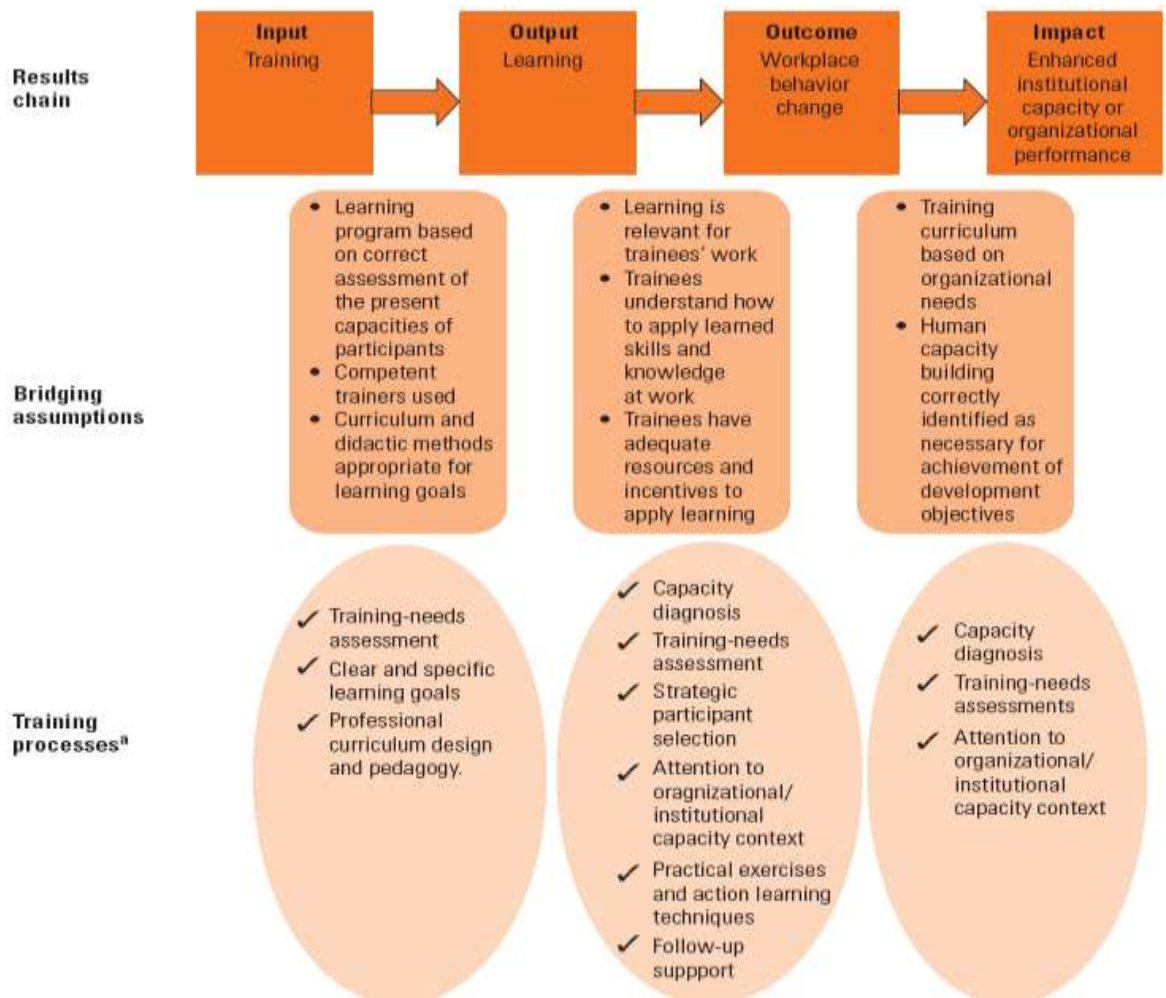

Figure 7 A results oriented framework for training
Source: World Bank (2008)

3.2. Organizational Capacity Building

While improving the effectiveness of training is a necessary condition to improve the capacity of developing countries to address their development constraints, it is not a sufficient condition. Individual capacity building through trainings does not necessarily translate into organizational effectiveness nor does organizational effectiveness translate into development capacity. The reason for this is that individuals in public bureaucracies in developing countries can be embedded in an organizational context rife with perverse incentive problems that effectively constraints their abilities to effect change.

While much is known in the theoretical literature on these incentive problems in public bureaucracies in developing countries, little is known empirically how these problems are played out. Indeed, there is a paucity of literature on this subject. A meta-analysis of 94 articles devoted to the study of public bureaucracies in developing countries from 1954 to 1983 shows that only 11 articles were written during this period that empirically examines the subject of incentives in public organizations in developing countries.

More recently, in the public choice literature, scholars have hypothesized about various incentive problems faced by public bureaucracies in general. However, few empirical work are available in the case of developing countries, one example is Araral (2005). Among these incentive problems, for instance, include multiple agency problems, non-credible threat of bankruptcy, weak or non-existent competition, rigidities and performance measurement problems (Weimer and Vining 1999). For governance capacity building to be more effective, these incentive problems would have to be recognized and addressed in the design of capacity building programs.

For example, a key incentive problem in public bureaucracies is that agents have very little stake in the social implications of their efforts since their compensation is divorced from their performance (Mookerjee, 1997). For instance, these can be seen in the relationship between the salaries of most tax collectors in relation to tax collection, pollution inspectors to air quality, irrigation officials to water services delivered, forest officials to levels of deforestation, public school teachers to educational standards, etc.

Compounding the principal agent problem is the difficulty of valuing outputs and performance and the lack of competition among public bureaus. This in turn makes it difficult to determine the optimal sizes of public bureaucracies which can lead to different kinds and degrees of inefficiencies. Public managers also face greater diversity and intensity in political influence and therefore have greater needs for political support from client groups, constituencies and formal authorities to obtain appropriations and authorization for actions (Rainey 1998). In the context of developing countries with weak and corrupted institutions and are faced with severe resource constraints, these incentive problems become more pronounced.

Framework for organizational analysis

A good understanding of incentives embedded in public bureaucracies in developing countries is an important element of governance capacity building. For this, a framework for organizational analysis is needed (Figure 8).

As the framework suggests, any organizational context consists of seven interrelated elements – comprising the so called 7S model: the hardware component (structure, strategy, staffing, systems) and the software component (leadership style, shared values and skills).

Structure refers to the organizational structure – i.e. it can be hierarchical like the military, matrix type, flat, concentric or other forms of organization. Systems refer to the organization's operating procedures and include information management systems, budget and accounting systems, personnel management systems, and so on. Style refers to the style of the organization's leaders and could range from authoritarian to democratic leadership styles. Shared values refer to the organization's culture – its norms, beliefs, traditions and practices. Skills refer to the skill sets in the organization which could include administrative skills, technical, managerial and other skills. Strategy refers to the means that the organization is using to achieve its objectives. Examples of strategies in the business sector include diversification, integration, decentralization, consolidation, and so on.
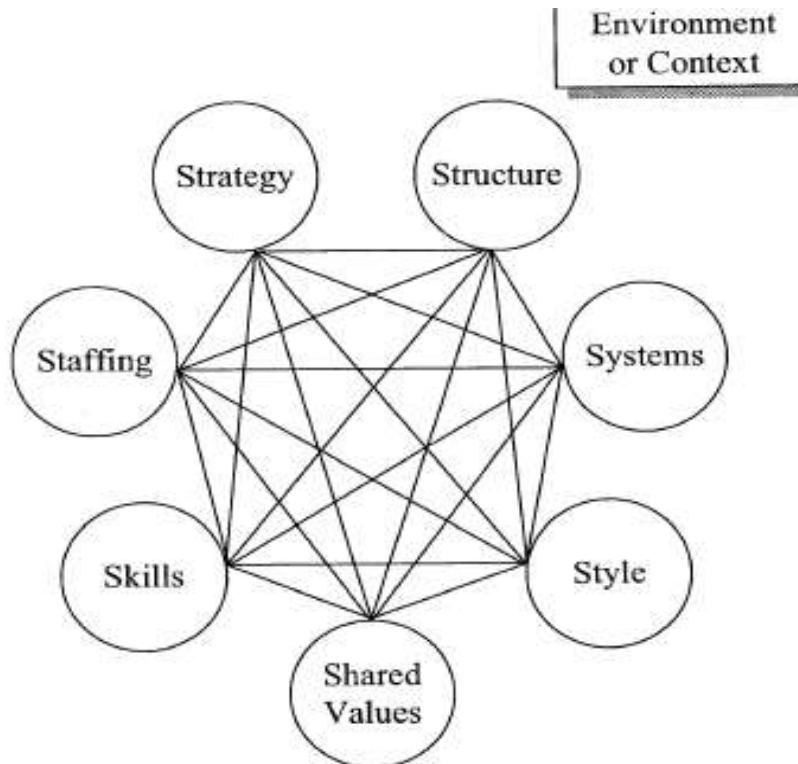
Figure 8 Framework to understand the organizational context of training
Source: Author's adaptation of the 7S Framework

The key point to understand in the organizational framework is that each of the seven elements would have to be aligned or would have to be in a *strategic fit* among the rest of the elements to improve the functionality of the organization. For instance, the organization's *shared values* would have to be aligned with its *strategy and structure*, otherwise the organization would likely to become dysfunctional when

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shared values are weak or are misaligned. To be considered appropriate, the organizational structure must serve the purpose of the organization, i.e. the structure is designed around the organizational *strategy* – or in the terms of biologists, form follows function. The *style* of the organization's leadership is equally important to achieving the organization's purpose. Leadership styles would have to fit or mould the organization's *shared values* as well as fit its structure and strategy. Authoritarian leadership styles in a matrix and collegial type structure – for instance in research and academic settings - is likely to be dysfunctional.

While trainees typically learn a variety of technical skills, they are seldom trained in political skills how to manage reform. This is a real problem because the impact of training on development capacity depends not only on learning technical subjects in the curriculum but also on participants' ability to implement and manage reform in the workplace and in society as a whole. It is important to recognize that governance reform is inherently a political process: 1) there are gainers and losers in the process of reform; 2) a variety of interests would have to be taken into account; and 3) reformers create enemies among those who benefit from the status quo. The ability to execute change in the workplace, thus, requires a set of *political leadership skills* such as decision making skills, effective oral, written and presentation skills, including persuasion, advocacy, mobilization, media relations and a host of organizational and management skills. These skills are seldom learned in one training session and most of it is acquired through practice and experience. Unfortunately, most of these soft skills are not typically built into the curriculum of most training designs.

From this perspective, development capacity is a product of organizational capacities which in turn is a function of a continuous process of achieving a strategic fit among various hardware and software components of the organization for which training plays a central role. These relationships are illustrated in Figure 9.
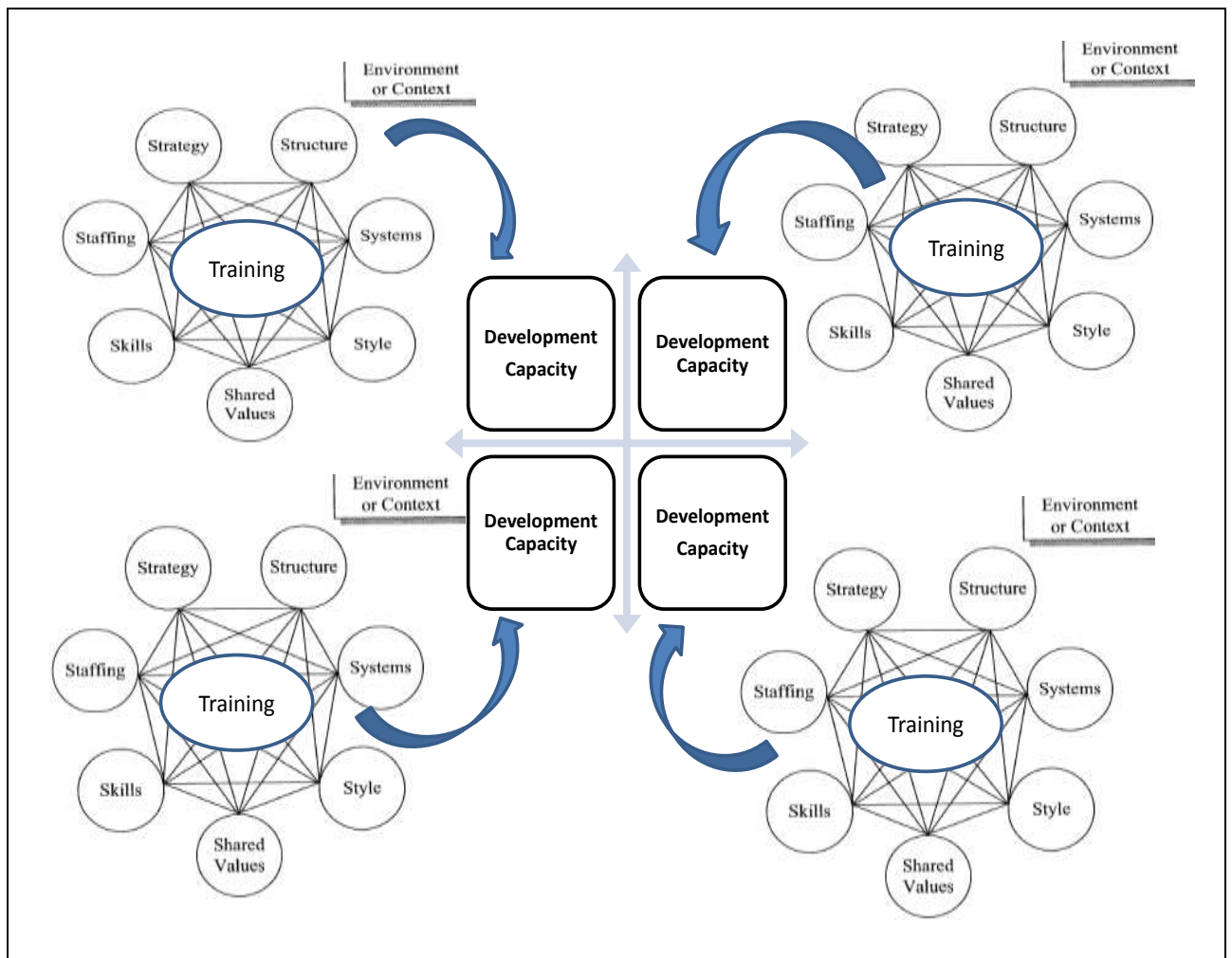
Figure 9 The relationship among training, organizational capacity and development capacity

3.3.Capacity Building as Getting Institutions Right

The third component of the framework for capacity building is institutional reform.
While building individual and organizational capacities are necessary, they are not sufficient. The reason for this is that public sector organizations are embedded in a broader institutional framework that either facilitates or constrains their effectiveness. Understanding this institutional context therefore is important. As an example, the development of market economies require an institutional or legal framework that defines, transfers and protect property rights (Figure10). What this implies is that capacity building is a process of getting market supporting institutions right.
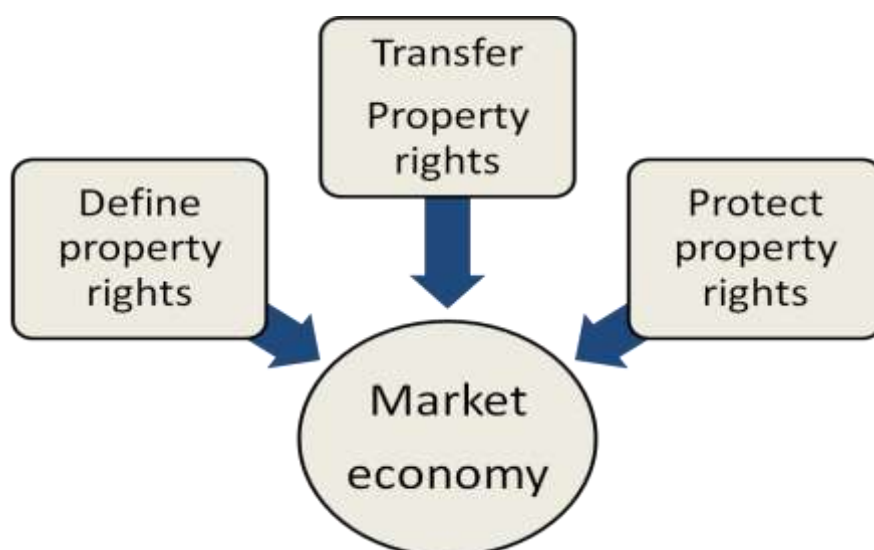
Figure 10 Capacity building as a process of getting market supporting institutions right

These fundamental functions of defining, transferring and protecting property rights are expressed in a matrix of formal institutions or laws such as property law, commercial law, contract law, civil law, laws on intellectual property such as trademark, patent and copyright laws, bankruptcy laws, securities regulation, competition laws, banking and finance laws, tax laws, social welfare, environmental and labor laws, among many others. In all of these, modern bureaucracies – executive, legislative and judicial bureaucracies play an important role in shaping, monitoring and enforcing these laws. Put another way, these bureaucracies play an important role in shaping governance structures, reducing or increasing transaction costs and thereby facilitating or restricting exchange in a market economy. In this sense, capacity building for the market economy is a process of getting market supporting institutions right.

Getting institutions right is a process that involves trial and error and takes considerable political will and time. As the experience of the now developed economies show, these market supporting institutions have evolved over decades if not centuries. Annex 4 summarizes the evolution of these market supporting institutions in the now developed economies. What this lesson from history tells us is that it is unrealistic for donors to expect developing countries to get their institutions right in a matter of years, given the challenges that developing countries are struggling with domestically and in the face of globalization. The other lesson is that, and this is nothing new, if institution building is to succeed, this process would have to be owned and driven by the developing countries themselves but capacity building assistance can play a role in facilitating this process.

4. Conclusion

Conventional models of capacity building in developing countries – trainings, pilot projects and deployment of foreign technical experts - have been criticized as being ineffective, inefficient and unsustainable.

Training plays a central role in capacity building yet studies suggest that current approaches to training are ineffective. For example, in World Bank funded trainings, participants learn less than 10 percent of the material; 20 percent of training courses have no statistically significant impact on learning, individual learning results are poor predictors of enhanced workplace performance and in only 50 percent of the time did training lead to substantial changes to work place performance or enhanced development capacity of target institutions.
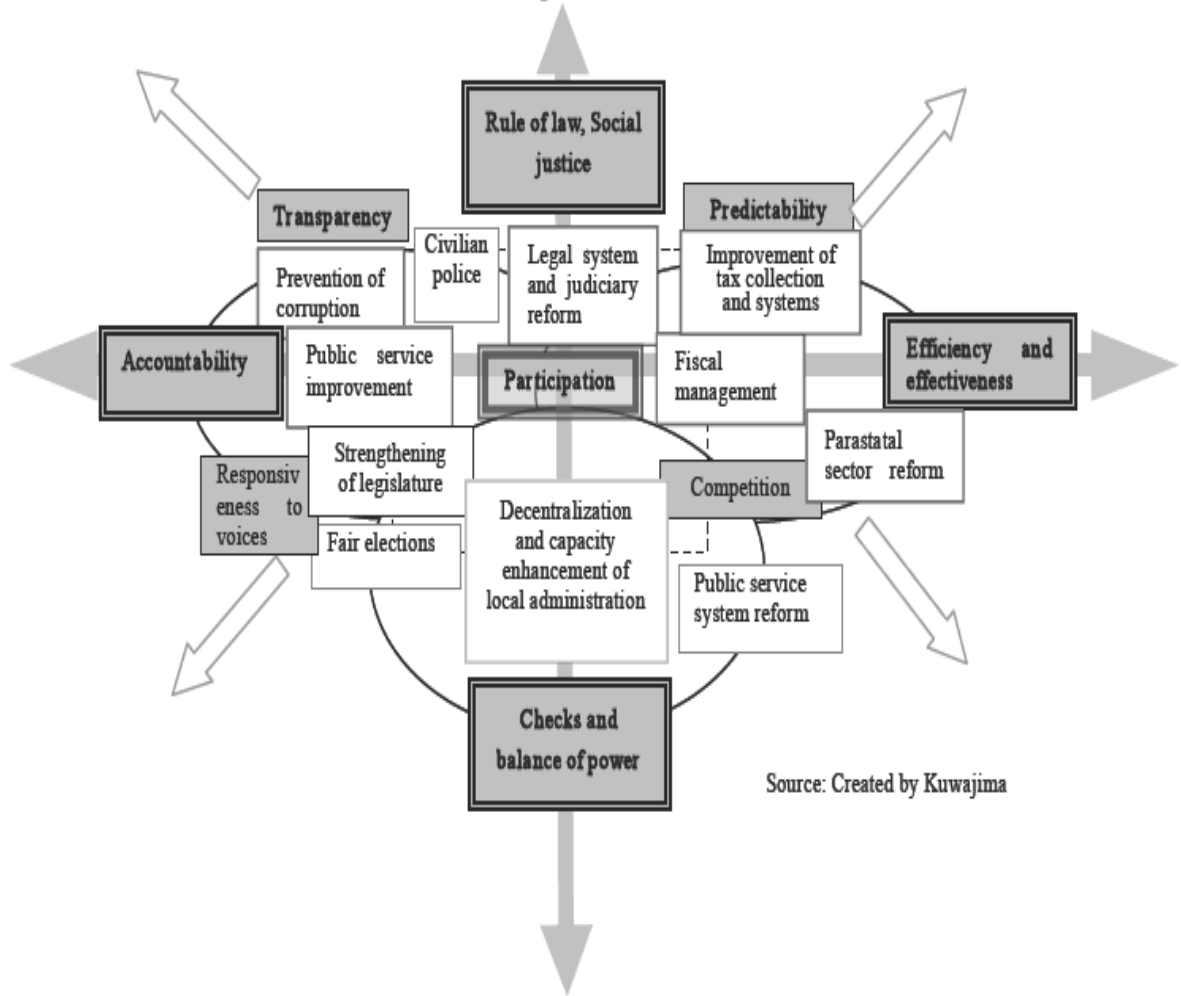
Based on the experiences of the World Bank, USAID and JICA, this paper has proposed a framework for governance capacity building that seeks to integrate and improve on existing approaches to capacity building at the individual, organizational and institutional levels. In practice, this means three things. First, get the training model right. Improving capacity building through training requires improving training pedagogy, providing adequate support for transfer of learning to the workplace and improving the targeting of training to organizational needs through strategic participant selection. The training processes associated with these include 1) training needs assessment; 2) clear and specific learning goals; 3) professional curriculum design and pedagogy; 4) organizational capacity diagnosis; 5) strategic participant selection; 6) attention to organizational / institutional context; 7) practical learning exercises; and 8) mechanisms for follow up support, for example communities of practice. None of these are new but having a clear model of what constitutes an effective training design can help improve training outcomes.

However, individual capacity building is not adequate because individuals – no matter how well they have been trained – can do little in a dysfunctional organizational setting. The second approach to capacity building, therefore, is to help improve the functioning of government organizations. One way to do this is to facilitate the process of achieving a strategic fit between the hardware and software components of the organization using the 7S framework. This means that the hardware components (the strategy, structure, systems and procedures) are in a strategic fit with the software components (skills, leadership style and shared values). In this sense, capacity building suggests the need to develop leadership and political skills to manage organizational reforms which are not normally taught in technical assistance courses. These set of leadership skills include decision making skills, effective oral, written and presentation skills, including persuasion, advocacy, mobilization, media relations and a host of organizational and management skills. These skills are needed if lessons learned from training courses can be effectively adapted to the context of public organizations and organizational reforms are to take root and be sustained. Training participants and helping government agencies improve their administrative systems - the focus of JICA's efforts – needs to be complemented with other sets of skills needed to facilitate, broaden and sustain organizational reform efforts.

However, while improving the functioning of government organizations is important to capacity building, they are not sufficient especially in the context of a dysfunctional institutional environment. Here, capacity building implies the need to get

the institutions right. In the context of developing market supporting institutions, capacity building requires a focus on three key institutional functions that facilitate the functioning of a market economy: developing institutions that help define, transfer and protect property rights. Getting institutions right is a process that involves trial and error and takes considerable political will and time, as shown from the experience of now developed economies. Developing countries, however, need not have to reinvent the wheel as they can learn from the lessons of history, itself a process that can be facilitated through capacity building.

Annex 1 – JICA framework for governance capacity building

Source: Created by Kuwajima

Annex 2 Thematic areas of governance capacity building by JICA

Training	Beneficiary Countries
1. Capability building for administration of criminal justice system Objectives: i) Improvement of the system for treatment of criminals, through the dispatch of experts; ii) training assistance for improving the capacity of prison guards, and iii) assistance that contributes to crime prevention through effective coordination among the police, prosecution and courts Courses • Crime prevention • Treatment of offenders • Corruption control in criminal justice • Parole probation • Juvenile correctional institutions • Criminal justice system reform	Kenya, Myanmar, Philippines, Costa Rica, China and Central Asia
2. Capacity building for development of national statistical systems • Population census • Economic statistics • Management information systems	Argentina, Tanzania, Indonesia, Myanmar and Cambodia
3. Law enforcement Objectives: Assistance aimed at the i) establishment of a democratic and highly transparent police system; ii) improving specific police skills and police organizations, including criminal identification, criminal investigation and drug control and improvement of the police communication system Courses • Civilian and police relations • Community policing • Criminal investigation • Public security • Drug control • Traffic administration	Indonesia, Thailand, Cambodia, Philippines, Vietnam, China, Iraq,

• Law enforcement Information and administrative system	
4. Capacity building for local governance • Urban and rural development • Natural resource management • Human resource management • Local government administration / civil service reform • Socio economic planning • Decentralized delivery of basic services • Central and local cooperation	Indonesia, Thailand, Philippine, Laos, Cambodia, Vietnam, Pakistan, Bhutan, PNG, Kyrgistan, Honduras, Peru, Kenya, Zambia, Tanzania, Malawi, Afghanistan, Palestine,
5. Capacity building for legal and judicial development Objectives: Assist countries in the drafting and enactment of bills, improvement of systems for law enforcement, and the nurturing of the legal profession • Legal and judicial reform • Training of prosecutors and judges • Contract law • Commercial law and arbitration • Civil law • Intellectual Property law • Criminal justice system reforms	Vietnam, Cambodia, Laos, Uzbekistan, China, Indonesia, Mongolia,
6. Capacity building for administrative reforms Objectives: Contribute to the improvement of efficiency and effectiveness of administrative functions, harmonized decentralization, and improvement of participation and transparency Courses • Public sector capacity training • Anti – corruption • Public investment programming • Monitoring and evaluation • Human resource management • Project management • Auditing	Ghana, Laos, Nepal, Argentina, Vietnam, Thailand, Bangladesh

7. Electoral reforms Objectives: i) Facilitate the development of a democratic political system through the implementation of fair and free elections; ii) developing a democratic electoral system (including information provision and awareness raising, through seminars which introduce the concept of democratic elections and how elections are held in other countries); iii) strengthening of election management and election boards and iv) voter education to promote participation, election monitoring and post-election follow-up	Central America, Africa, Central Asia

Annex 3 How USAID ties its assistance to the Philippines to its strategic objectives
Source: http://philippines.usaid.gov/

USAID/Philippines Results Framework

USAID/ STATE GOALS	Peace & Security	Sustainable Development & Global Interests	International Understanding	

U.S. MISSION GOALS	Combating Terrorism	Open Markets	Enhance Law Enforcement and Judicial Institutions	Stable, Secure Regional Partners

PHIL MISSION GOAL	Enhanced security and accelerated progress towards sustainable, equitable growth through improved governance, capacities, and economic opportunities

Conflict reduced in Mindanable to violence	Performance of selected government institutions improved	Desired family size and improved health sustainably achieved	Management of productive life-sustaining natural resources strengthened	Access to quality education and livelihood skills increased in selected areas most affected by poverty and conflict

INTERMEDIATE RESULT 1 Economic opportunities Expanded in conflict-affected areas	INTERMEDIATE RESULT 1 Judicial efficiency improved	INTERMEDIATE RESULT 1 LGU provision and management of FP/MCH/TB/HIV-AIDS services strengthened	INTERMEDIATE RESULT 1 Improved Energy Sector Performance	INTERMEDIATE RESULT 1 Access to learning opportunities increased
INTERMEDIATE RESULT 2 Strengthened local governance in CAA	INTERMEDIATE RESULT 2 Government policy & Administration improved	INTERMEDIATE RESULT 2 Provision of quality services by private and commercial providers expanded	INTERMEDIATE RESULT 2 Improved Environmental Governance	INTERMEDIATE RESULT 2 Improved quality of instruction for Reading, English, Math, and Science
INTERMEDIATE RESULT 3 Improved support systems and programs for former combatants and their communities	INTERMEDIATE RESULT 3 Innovations in trade and investment programs promoted	INTERMEDIATE RESULT 3 Greater social acceptance of family planning achieved	INTERMEDIATE RESULT 3 Improved Urban Environmental Governance	INTERMEDIATE RESULT 3 Programs for out-of-school youth operating
		INTERMEDIATE RESULT 4 Policy environment and financing for provision of services improved		INTERMEDIATE RESULT 4 Improved policies and better capacities

ANNEX 4: Summary of the evolution of market supporting institutions in selected OECD countries Source: xx					
	First Adoption	**Majority Adoption**	**Last Adoption**	**UK**	**US**
Democracy					
Male Suffrage	*1848 (France)*	*1907* [a]	*1925 (Japan)*[a]	*1918*	*1870*
Universal Suffrage	1907 (New Zealand)	1946 [a]	1971 (Switzerland)[a]	1928	
Modern Bureaucracy	19th century (Prussia)			mid- 1800s	
Modern Judiciary				1930s?	
Intellectual Property Rights					
Patent Law	*1474 (Venice)*	*1840s* [b]	*1912 (Netherlands)*[b]	*1623*	*1793*
'Modern' Patent Law [1]	1836 (USA)	1960s [b]	1990s (Spain, Canada)[b]	1852	1836
'Modern' Copyright Law [2]					1891 (1988) [3]
Trademark Law	1862 (UK)			1862	
Corporate Governance					
Institutions					
Generalized Limited Liability	1844 (Sweden)			1856 (1862) [4]	
Bankruptcy Law				*1542*	*1800*
'Modern' Bankruptcy Law[5]				1849	1898
'Modern' Auditing/ Disclosure[6]				1948	1933
Competition *Law*	1890 (USA)			1919	1890
Effective Competition Law	1914 (USA)			1956	1914
Financial Institutions					
'Modern' Banking[7]	mid-1920s (UK)			mid- 1920s	
Central Banking	**1688 (Sweden)**	**1847** [c]	**1913 (USA)** [c,9]	**1694**	**1913**
'Modern' Central Banking[8]	1844 (UK)	1891 [c]	1929 (USA) [c,9]	1844	1929
Securities Regulation	*1679 (UK)*			*1679*	*mid-1800s*
'Modern' Securities Regulation[10]				1939	1933
Income Tax	1842 (UK)			1842	1913
Social Welfare and Labour					
Industrial Accident Insurance	1871 (Germany)	1898 [d]	1930 (USA, Canada) [d]	1897	1930
Health Insurance	1883 (Germany)	1911 [d]	Still absent in the USA [d]	1911	Still absent

State Pension	1889 (Germany)	1909 [d]	1946 (Switzerland) [d]	1908	1946
Unemployment Insurance	1905 (France)	1920 [d]	1945 (Australia) [d]	1911	1935
Child Labour Regulation	*1787 (Austria)*	*1873[e]*	*1913 (Portugal)[e]*	*1802*	*1904*
Modern' Child Labour Regulation [11]	1878 (UK/Prussia)			1878	1938

NOTES:

*   The institutions entered in italics denote 'pre-modern' varieties, which fell so short of modern standards in terms of coverage and enforcement that they are usually better regarded in a different category to their 'modern' descendants.

a   Out of the 19 countries for which the information is available (Australia, Austria. Belgium, Canada, Denmark, Fin and, France, Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain. Sweden, Switzerland, UK, USA)

b   Out of the I 7 countries for which the information is available (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Spain, Sweden. Switzerland, UK, USA). At this time, the German states that had patent law were Prussia, Bavaria, Wiirttemberg, and Saxony. The Italian states that had it were Sardinia and the Vatican State.

c   Out of the I I countries for which information is available (Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland, UK, USA)

d. Out of the   17 countries for which information is available (Australia, Austria, Belgium, Canada, Denmark, Finland. France, Germany, Ireland, Italy, the Netherlands. New Zealand. Norway, Sweden, Switzerland, UK, USA)

e. Out of the 15 countries for which information is available (Austria, Belgium, Denmark, France, the Netherlands, Italy, Norway, Portugal. Prussia, Saxony, Spain. Sweden, Switzerland. UK. USA).

1.   'Modern' patent law is defined as a patent law that has provisions such as strict checks on originality of the invention, equal protection of foreign citizens' invention, and patents on chemical and pharmaceutical substances.

2.   'Modern' copyright law is defined as a copyright law that, above all, provides equal protection of foreign citizens' copyrights.

3.   Until 1988, the USA did not acknowledge foreign citizens' copyrights unless the material had been printed in the USA

4.   Banks were only given limited liability in 1857 and insurance companies in 1862.

5.   'Modern' bankruptcy law is defined as a bankruptcy law that applies to everyone without any asset threshold and gives the debtors a second chance.

6.   'Modern' auditing and disclosure rules require external auditing, reporting of up-to-date balance sheets, and the disclosure *of* detailed information.

7.   'Modern' banking is defined as banking with very wide coverage, little insider lending, and one price across regions.

8.   'Modern' central banking applies to central banks with a note issue monopoly, acting as lender-of-last-resort, and having control over all banks.

9.   Although the USA established the Federal Reserve System in 1913. even in 1915 only 30 per cent of the banks (accounting for 50 per cent of total banking assets) were under the system. Until 1929. the Federal Reserve System still did not cover 65 per cent of the banks (although with only 20

per cent of total banking assets).

10.	'Modern' securities regulation is defined as regulation requiring the faithful representation of information, full information disclosure, licensing of traders and power of the regulatory authority to initiate investigation.

11.	'Modern' child labour regulation is defined as child labour regulation with comprehensive coverage and effective enforcement