

Contract-Financed Technical Co-operation and Local Ownership

Egypt Country Study Report

Maha Abdelrahman
Raymond Apthorpe



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Abbreviations


ACA	Administrative Control Agency
BITS	Board for International Technical Co-operation
CMMS	Computer Maintenance and Management System
CMRDI	Central Metallurgical Research and Development Institute
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
INEC	Department for Infrastructure and Economic Co-operation
INEC/KTS	Division for Contract-financed Technical Co-operation
KTS	Contract-financed Technical Co-operation
LPO	Local Partner Organisation
MEFOS	Industrial Research Institute for the Metallurgical and Metalworking Industry
NGO	Non-Governmental Organisation
RTA	River Transport Authority
Sida	Swedish International Development Co-operation Agency
Sida-Öst	Department for Central and Eastern Europe
ToR	Terms of Reference
UNDP	United Nations Development Programme
UTV	Department for Evaluation and Internal Audit

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Chapter 1

Introduction: Objectives and Approach



1.1 Objectives and Terms of Reference

Sida has contracted the Institute of Social Studies (ISS), the Hague, to carry out an evaluation of contract-financed technical co-operation and local ownership. This report presents the main results and conclusions of the evaluation carried out in Egypt.

Contract-financed Technical Co-operation (KTS) is an aid form (or aid approach or aid modality: these three expressions are used interchangeably in this report) used within Swedish International Development Co-operation Agency (Sida) for technical assistance. KTS is used primarily, but not exclusively, in countries that fall outside the conditions to be designated as traditional partner countries. These include especially middle-income and transition countries. Egypt is one of these countries. KTS was first used in the 1970s. All KTS projects, in one way or another, involve transfer of technical knowledge. Nevertheless, they differ from each other in the way in which this transfer takes place. In training projects, for instance, the transfer of knowledge is itself the project's main objective. In other projects, the consultant is predominantly a professional advisor, with training, if any, playing a secondary role.

The essence of KTS projects is the contractual arrangement in which a local partner organisation¹ enters a contract with a consultant for some form of technical assistance. Sida is not a party to this contract but assumes before both parties the responsibility for financing part of the contract (by means of a 'letter of agreement'), normally paying the consultant's fees and occasionally some other costs. KTS projects also share a number of other special characteristics which may be summed up by the expressions 'demand-driven projects', 'cost-sharing', 'competent partners', 'limited projects', 'Sida's limited role' and 'Swedish consult-

¹ Local partner organisations – or LPOs, for short – may be public organisations (the most common case), publicly owned companies or, in some cases, business associations. They are normally not private companies.

ants'. The Terms of Reference (ToR) for this evaluation present the rationale for these characteristics in the following way:

There are a number of factors, characterising KTS, which support the division of roles and responsibilities set by the contractual arrangement. To guarantee that projects are supported and prioritised by the local partner, and thus that the local partner may be expected to take on the responsibility for the projects in the short and long term, KTS projects should be *demand-driven* and *cost-sharing* should be applied. Further, the partners should be *competent* enough to take on the responsibility and also to benefit from the technical assistance. To make it possible to withdraw the Swedish support as early as possible, and thus avoid aid dependence and ensure a continued strong local ownership, KTS projects should be *limited in time and financial volume*. Hence, the local partner may not count on being supported for several years ahead. This may be expected to create incentives for the local partner to assume ownership. The aid form is also characterised by the fact that the *consultants normally are Swedish* (ToR, our italics).

These characteristics are applied in a flexible manner, which means that in practice KTS projects may – and do – take several different forms.

In Sida, **local ownership** is conceived both as a means to an end (effectiveness, efficiency, sustainability) and as an end (an ethic, an ideology) in itself. Sida expects local ownership to lead to better utilisation and/or absorption of the project outputs, and to ensure that the local partner undertakes the activities necessary to realise agreed project outcomes. There are also references to 'responsibility' and 'commitment' when explaining how local ownership is supposed to exercise its positive influence. In the following passage, *Sida at Work* (Sida, 1998: 16–17) characterises ownership in a way that emphasises responsibility:

...we talk about 'ownership' of projects in a way that goes further than the legal definition of ownership. In order to be able to say that a partner in co-operation is the *owner* of a project, the partner must have full rights to use the resources provided within the framework laid down in the project agreement. But this is not enough. The co-operation partner must also be prepared to assume full responsibility, participate actively in the work, and be ready to implement the project on its own initiative.

Moreover, and still according to Sida, ownership of development projects has to be interpreted as *local* ownership. By the agency's definition, no actor besides the local agency can own the project. Whatever the relations other actors have with the project and its constituting elements, these should not be called ownership. For the purposes of this research, owner-

ship requires a certain amount of reinterpretation, as is indicated in Section 2 below. This policy evaluation of current KTS practice is charged to focus (to cite from the ToR for the overall study of which it is part) ‘more on ownership as an end in itself’ although ‘effectiveness may be taken into account [to the extent that it] affects local ownership’.

KTS projects are applied in a great variety of **national contexts**. These include two main groups of countries.

- ‘Traditional’ KTS countries: these tend to be middle income developing countries, some of them former concentration countries for Sida aid.
- Transition countries: these include the former Soviet Union and Eastern European countries which are supported by Sida-Öst under its own special brief from the Swedish Parliament.

Each of these groups of countries is extremely diverse. The national context, and particularly the organisational context facing the local partner organisations, is bound to influence both the way in which KTS characteristics are applied in practice and the presence or development of local ownership. This influence will most likely be exercised through the constraints and incentives facing the organisations and the individuals that work in them. An in-depth understanding of the relations between the KTS characteristics and local ownership will therefore normally require also an analysis of the local context, and of how it affects both the application of KTS characteristics and local ownership.

1.2 The Assignment

There is considerable variability in the ways in which KTS is applied in countries. The general evaluation of KTS in 7 countries (Lithuania, Ukraine, Mongolia, Mozambique, Botswana, Egypt and Guatemala), of which this country study is part, has three main purposes:

- to study the way in which KTS characteristics are applied;
- to assess local ownership in KTS projects in the selected countries;
- to discuss the relationship between these characteristics and local ownership in the national contexts concerned.

The focus of the entire evaluation, and of each of its country studies, is on the particulars and the dynamics of the triangle – or circle as one of our interlocutors in Egypt put it – of relations joining Sida, the Swedish consultants, and the aid-recipient project or organisation (which will be designated here as Local Partner Organisation, or LPO for short). The core question is how, in this setting, KTS works, what does it achieve,

what does it not achieve, in relation to the concept of ‘local ownership’ set for this evaluation.

The main reasons for the evaluation are as follows:

- to ascertain what actually is the relationship between KTS and local ownership (a relationship that is generally assumed, in Sida, to be positive, but has never been systematically verified);
- to generate guidance as to the kinds of countries or partner organisations with which KTS may be used and as to how the KTS characteristics should be applied in different local contexts;
- to come to greater clarity about, and a better understanding of, KTS as a form of aid; and
- to provide inputs to the development of a general policy on KTS, currently under way in Sida.

Based on these outcomes, the evaluation is also expected to yield lessons concerning the applicability of the KTS concept in less developed countries than those where it is currently used, and indications of when and how KTS could be applied there.

Further questions for this evaluation concern broader aspects of significance of this aid modality, including Sida’s agenda of aid priorities, and its philosophy and ethics of development aid and partnership. The evaluation should also throw light on the concept of local ownership and on broader aspects of Sida aid and of the agency’s relations with partners. While analysing experience to date, the study is seen not just as a historical exercise, but as one aimed at finding a way ahead for this particular form of Sida development assistance, or for a variant that would achieve the same objectives.

In total, seven country studies are to be made of ‘KTS at work’: besides Egypt, Lithuania, Ukraine, Mongolia, Mozambique, Botswana, and Guatemala. The rationale for the selection of these countries is as follows:

- *Lithuania* and *Ukraine* represent the Eastern Europe transition countries, one of the two broad groups of countries with which Sida has KTS co-operation. Within this group, the two countries further exemplify different local contexts regarding, e.g., how far the reform process has come, institutional strength and level of development.
- *Mongolia*, *Egypt*, *Guatemala* and *Botswana* represent countries where Swedish development co-operation is managed by INEC/KTS²; this is the other broad group of countries with which Sida has KTS co-

² Department for Infrastructure and Economic Co-operation (INEC), Division for Contract financed Technical Co-operation (KTS).

operation. The countries chosen represent different geographical regions and typify different local contexts and different KTS histories. *Egypt* is a traditional KTS partner country, with a history of KTS co-operation since the 1970s. *Mongolia* is a recent KTS partner country, with very different conditions for co-operation, compared to Egypt. *Guatemala* is interesting because Sida uses not only KTS but also other forms and methods of co-operation. *Botswana* is a country that, as it developed, moved from traditional partnership to becoming a KTS partner country.

- *Mozambique* is a traditional partner country.

In other words, the seven countries were selected to provide a variety of different national contexts in which KTS aid is used. The main reason for this relates to the expectation that different national contexts will interact with the application of KTS characteristics and significantly influence local ownership of KTS projects.

Part of the complexity of the story this country study evaluation will tell is that KTS as an aid form lacks clarity and visibility (particularly to the LPO, and in Egypt at least often to the Swedish Consultant as well). Further, just what exactly the meaning and therefore specifically the rationale and purpose of KTS is for the parties concerned – *Sida included* – is also unclear. While local ownership is the grail of this evaluation, it is anything but this for any of the parties in the triangle of relations that is at the core of this study. The closest Sida comes to this is in relation to the sense in which it seeks “competent” organisations with which, as it were, to do KTS. In which regard what is sought therefore is more a prerequisite for this aid form than a causal outcome of it.

In Egypt, as in the other country studies (Lithuania, Ukraine, Mongolia), this technical co-operation is found to mutually benefit all (three) parties (in the triangle) if, of course, in different ways. The LPO gains by receiving Sida’s financial and technical support for projects that are of high priority in the recipient country. Sida benefits when its aid is successfully and ethically according to its lights disbursed and used effectively. Sweden and the Swedish Consultant benefit from the market opportunities that KTS gives to Swedish companies looking for business. Economic reciprocity is therefore one main line along which Sida in Egypt, as in the other mentioned countries, perceives of KTS. Egypt, for which Sweden is not a traditional partner, and the donor country gain strengthened relations in respect of this co-operation.

Another characteristic line – at least in Egypt – along which Sida perceives and promotes KTS, is as a modality that permits, as was put to us in an initial briefing at the Swedish Embassy in Cairo “the unreal world

of aid to come as close as possible to the real world of ordinary business, commerce, that is trade”. This evaluation was however also advised in this initial briefing ‘not to theorise too much about what is just our practice’, because KTS in Egypt is implemented more pragmatically (flexibly) than fundamentally (idealistically).

The importance for this study – and indeed the global study of which it is part – of evaluating KTS as against context, especially national context as in our ToR, is that originally KTS was devised for particular countries only. Indeed it would appear (cf. the Andante Report) that at one level the Board for International Technical Co-operation (BITS) approach to technical assistance that became known as KTS was conceived less as having a specific purpose, than being suitable for specific national contexts.

To cite somewhat extensively from the 1996 Andante Report will serve well to introduce the present evaluation further, first with regard to the beginnings of KTS as we now know it:

The starting point was that the activities were to be based on commercial conditions. The services exported from Sweden should normally be financed directly by the recipient country (which erodes the common understanding of the word ‘recipient’. Consequently the funds were expected to be very small and for 1977/78 10 million SEK were set aside for Algeria and a smaller amount for Egypt...In Egypt the first projects were in telecommunications training and in power supplies management. Swedpower undertook a study of the high-voltage network, and took part in the feasibility study of a power plant.

Referring (p.37) to the contract-financing that gives KTS its name, it describes this as an arrangement where

...it is the contract partner, the buyer, who is in command, and who is expected to make sure that it gets the services specified in the project document... The contract relation is not any different from that between two partners on any market. The aid agency does not have any role in this context, and has no power over the delivery and utilisation of goods and services.

When the services are delivered, the seller would send the invoice to the contract partner (the buyer), but rather than paying directly, that organisation now passes the check to the aid agency for payment. But they must fulfil their buyer’s role by certifying that the services were delivered according to the contract.

The Andante Report asks, “Is that unique?”. It says:

... it was at the time when BITS was created. But during the 1980s and 1990s other parts of the aid programme have followed suit, and there are many instances of contract financing, of direct relationships between organisations in Sweden and in developing countries. The small industries programme in Tanzania pioneered this form in the early 1980s, and many other projects in the industrial sector, as well as public administration also experiment with such direct links – or twinning arrangements as they were sometimes called.

There is no doubt that BITS pioneered the use of contract-financing and it is equally clear that this had many advantages, such as ensuring clear ownership of the project in the developing country's institutions, and making the administration cheaper.

As regards other KTS characteristics, about cost-sharing the Andante Report notes (p.39) first that: "Our country visits confirmed that BITS applied the principle of cost-sharing very flexibly. Particularly in Egypt, it almost seemed as the notion of cost-sharing had been waived at times (... depending partly on ability to pay ...)". Nevertheless, it opines that "even though it means that several projects would never materialise, we suggest that the cost-sharing principle be applied in earnest...say for example that 25% of the costs ... should be met by the local partner ... We fully endorse that the principle of cost-sharing should be flexibly applied, but this flexibility should be from the minimum level and upwards ..."

The other KTS characteristics that the present evaluation investigates are, for the most part, also addressed by this earlier Report. However, virtually in all regards the present evaluation's findings, conclusions and recommendations are very different indeed from Andante's, despite the circumstances of the two studies and their aims being closely similar.

1.3 Plan of the Report

The plan of this report is as follows. Section 1 comprises the essential introductory scene-setting, on the objectives and terms of reference that have guided this aid modality study, and some background information on Swedish aid to Egypt including some preliminary notes on how Sida in Egypt understands KTS. Section 2 then presents the approach and method adopted in this evaluation. Section 3 presents: the national context and the history and politics of the aid regime in Egypt; the country's public bureaucracy and rentier economy; its structural adjustment and privatisation; and current economic crisis. Section 4 presents the major findings of the interviews with our interlocutors, stakeholders in the eight KTS projects visited. Section 5 gives our interpretations and conclusions

based on what we could find at the project-level and from other sources on KTS at work in Egypt and the country's aid regime. Finally, in Section 6 we suggest areas for consideration for recommendations that could enhance the potential of KTS in respect of local ownership. Three Annexes contain respectively a list of the people met in the course of this country evaluation, a schedule of the questions used as guidelines in the interviews and ToR.

Chapter 2

Approach and Method

2.1 General

The approach followed in this case study is a continuation of that developed earlier for the Lithuania and Ukraine studies: a combination of visits, interviews and document analysis. Ownership indicators and indicators typifying the application of KTS characteristics were used for this as well as the other country studies, partly with the purpose of regularising the sets of observations about projects we made, particularly for the purpose of generalisation and comparability.

2.2 The Fieldwork

The field team for this study comprised Dr Maha Abdel Rahman, and Raymond Apthorpe, Visiting Professor at the National Centre for Development Studies, Australian National University and Research Professor Associate, School of Oriental and African Studies, London University. That one of us participated in both the Inception Report and two of the other case studies (Lithuania and Ukraine) enabled both continuity and comparability as regards method and approach. This case study owes much to those others. The field team spent three and a half weeks in Egypt (20.1.2002–13.2.2002). True Schedvin of Sida's Evaluation and Internal Audit Unit (UTV), Stockholm, who joined for ten days at the outset of this fieldwork as discussion partner, fully participated in all the project interviews and team discussions during that period.

The initial – and mid-point – briefing of the team in Cairo was carried out by Jonas Bergström and Charlotta Sparre, First Secretaries at the Swedish Embassy in Egypt. The former has specific responsibilities for Sida's work not only in Egypt but also throughout Northern Africa and the Middle East. He also attended the team's final debriefing in Cairo by the Swedish Ambassador.

As in the other country studies, this evaluation asked of all parties questions that focused primarily on the application of the KTS characteristics and ownership in its various dimensions, dealing primarily with the following subjects:

- The type of the co-operation and the project contents
- Priority of the project, ownership of objectives, and stakeholders
- Origins and demand for the project
- Contract, contract management and role of Sida
- Role and competence of, and relations with, the consultant
- Cost-sharing
- Limited nature of the project: length and number of agreements, expectations of future co-operation
- LPO competence and other characteristics
- Achievement of project objectives

Eight projects³ were selected for study in Egypt, on the basis of criteria such as project scale and importance, length and complexity of co-operation, sector, and type of consultant. These projects are introduced in Section 4.1.2 below. Throughout, the emphasis was to explore the perceptions of all parties as to the nature of the co-operation, and its importance and results. Project details and performance were also considered in order to illustrate and illuminate these perceptions. The purpose of our visits to projects was for some first hand eliciting of stakeholders' perceptions of the outline contours of these projects – particularly as regards the features listed above. Like the other country studies, this one too, informed though it is by project level considerations, is closer to a policy analysis than to a project performance review, or an accountability or an audit study of how KTS characteristics are applied.

Our principal findings about these aspects of the projects visited are tabulated in the matrices provided in Section 4. While the matrices reveal interesting points with regard to possible regularities (or irregularities) in and across projects, care must be taken not to read too much from them as to project dynamics or 'best practice'. Such cross-sectional tables are always seriously limited in their value for policy analysis. The reasons for the combination of characteristics in one project compared with another, as well over periods of time, may be very different, and may vary from case to case.

Moreover, there are obviously severe limits on what may be learned from interviews, particularly as to an organisation's 'competence' from just a few discussions even when these are held with people directly concerned and presumably therefore 'in the know', and are supplemented with project documents and the like. Where, then, an impression was achieved

³ A 'KTS project' in this evaluation is understood as comprising one or more agreements on financing of technical assistance contracts with the same local partner organisation (LPO), within the same broad substantive area of assistance.

to the point of this evaluation feeling sufficiently confident to ‘score’ it and include in a matrix, it reflects more a reading of what all or most sources seemed to agree on. Where we found a strong disagreement, or indeed lack of any clear impression, we considered ourselves in fact in no real position to be able to transcend, or resolve, this. In general, what is reported in the matrices is for the most part what we found, namely no or few contrary impressions of the same project as regards its KTS characteristics held by our interlocutors – and the files.

Interviews were conducted at the end of the fieldwork with two of the ‘like-minded’ donors in Egypt – Denmark and the Netherlands. Their purpose was to explore something of the boundaries of KTS as they saw them, not to make a comparative study across donors (valuable though that would be). One interview was carried out at the United Nations Development Programme (UNDP) because one of the KTS projects received aid from that source also. Another KTS project was linked with World Bank, but our meeting there was unavoidably cancelled at the last moment.

In Cairo we also visited the International Development Department of the Ministry of Foreign Affairs. However, the two senior officials we met there were relative newcomers to their present appointments, with apparently no particular knowledge of, or views about, the KTS aid form as such⁴.

Ten Swedish consultants were interviewed by one of us in Stockholm before the fieldwork in Egypt, and two more in Cairo. Discussions were held also at the Sweco office in Cairo, and with the President of Sweco International who was visiting at the time (Sweco is the consultant for three of the eight projects studied, and has been established in Egypt for more than fifty years).

This evaluation in Egypt, like its counterparts in the six other countries, in effect changed the situation it was investigating by diminishing the degree of invisibility of KTS as an aid modality for our interlocutors. Arguably, had this evaluation – and the others – not taken place, the ‘local ownership’ that is their grail would have remained equally invisible. It is, however, beyond the present purposes to discuss the importance or otherwise of this change.

⁴ Further, it emerged that generally in Egypt (probably largely as elsewhere) international aid co-ordination and similar meetings tend to have more to do with general aid objectives and priorities and disbursement rates than specific aid modalities to ensure these.

2.3 A Discussion and Operationalisation of KTS Characteristics

2.3.1 General

The ToR for this evaluation define KTS as a form of aid, aimed at mediating the development of knowledge in the recipient country, characterised by a particular form of contractual arrangement, designated as contract financing, involving three main parties: a buyer of services in the recipient country (the client), a seller in Sweden (the consultant), and Sida as a financing agency. In contract financing the role of the aid agency is, at least in theory, limited to financing part of the costs of an otherwise ‘normal’ contract between the buyer and the seller, a contract to which Sida is not a signatory. As would happen with any market for services, the consultant is responsible for delivering, and the client is expected to ensure that it gets, the services specified in the contract. The aid agency plays a limited role, since it does not intervene in the management of the contract and has no power in relation to the delivery and use of the services.

Once it approves for financing a project proposal related to the contract, Sida sends the client and the consultant letters of agreement, approving the contract and undertaking to finance the activities stipulated in the project document. The two parties then sign the contract, of which Sida receives a copy. As the contract is implemented, Sida receives regular progress reports as well as invoices, which it pays on condition that they are first approved by the client.

In addition to the two characteristics already mentioned – a particular form of **contractual arrangement** and the attendant **limited role for Sida** – several other characteristics go together with KTS. Most of these are closely related with the question of ownership. They are expected to favour, or express, or stimulate a strong ownership and commitment to the project’s objectives in the local organisation, and exclude or discourage organisations with weak ownership or commitment. These characteristics include the **content of the co-operation, demand-driven nature** of the projects, **cost-sharing, limited projects, competent partners** and the use of **Swedish consultants**, and tend to be applied in a variety of different ways.

These KTS characteristics are discussed one by one below, and indications are given of how some of them have been operationalised for the purposes of this study through the use of indicators. Before that, however, it must be stressed that their nature and importance are not necessarily fixed in practice or theory. The parties involved in the triangle of relations

that is at the heart of this evaluation may have different perceptions in relation to the KTS characteristics, and each might wish to use its own indicators. The characteristics are also not, or not all, specific to the KTS aid form alone.

2.3.2 A Cautionary Note on Indicators

If well chosen for the purposes of an evaluation, indicators will reflect its concerns usefully. Whether, however, they are similarly practical for other purposes is to be determined. Donor and recipient perspectives about aid are rarely identical, whether as regards Sida and KTS, or more generally with other sources and forms of aid where a donor's philosophy and approach does not come from an agreed and negotiated process in which all parties fully participate on an equal or equitable basis. The indicators presented below cannot, for these reasons, be interpreted as the best possible, except from the particular point of view of this evaluation and of its ToR.

More specifically for the present evaluation, just what indicators are indicators of, depends partly on whose indicators they are. For example, what the contract in the KTS form of aid means to Sida may differ greatly from what it means to the LPO. Also there are anyway the ambiguities that are characteristic of all institutions (and without which they could not work, at any rate for all their adherents and members).

Further, where a term is used metaphorically by the people among whom it is current and acted upon, this honorific usage needs to be appreciated as it is, not replaced by something supposedly substantial and measurable. There is in fact always the danger for institutional and policy studies that indicators, however specifically, sensitively, replicably, etc. they have been devised, may come in effect to subvert rather than enhance practical analysis. Some degree of broad allusiveness is part of the data that is not to be lost or analysed away. As temporary ground to stand on, operational definitions may serve an intermediate purpose well. But if taken too literally, too positivistically, they threaten to mislead. Remember they are required in this study for a review of institutional associations and correspondences, filtering and facilitation, not an exercise in causality as in mechanics or physics.

Moreover, evaluation is not a forensic science. It is highly dependent on connoisseurship, experience and judgement gained in earlier studies of other types of aid, even if some of it in the same countries where KTS is found. Obviously, through fair use of common guidelines, shared working definitions and operationalisations, wanton subjectiveness can be reduced.

Indicators, working definitions and operationalisations such as are given below may serve as useful props to an argument, but they do not replace the need for judgement, are not ‘objective facts’, nor levers or mechanisms. The operationalisation of certain KTS characteristics or aspects of local ownership constitutes only a point of departure for the analysis of relations that forms the core of this evaluation. The indicators defined may provide a certain comparability across projects and countries, and a certain basis if not a fact – at least reliable information necessary for the analysis to proceed. However, they are only a first approximation to the reality of those relations. The analysis that follows and builds upon their definition and measurement goes much further, identifying aspects and relations that transcend them, in ways that are difficult or even impossible to predict by the consideration, however thoughtful, of the indicators alone.

2.3.3 Indicators and Scales

When seeking to bring indicators to an argument – indicators never speak for themselves: they must always be argued for or against – there are three aspects to consider at once: *concern, indicator and scale*.

In the present case, the concern is, first, each of several of KTS characteristics and, later in this chapter, local ownership of different aspects of a project. For each of these an indicator, a proxy, is sought that provides information – indications – relating to the concern, that can be measured or estimated along a scale. From the least to the most quantifiable we may distinguish nominal, ordinal, cardinal and ratio scales.

As indicated above, the present institutional and policy evaluation proceeds mainly through personal interviews and observation, in addition to the examination of project and other documents. Thus the only indicators that may be defined are, in most cases, those that can be ‘measured’ along nominal, or, at best, ordinal scales. In other words, it cannot be expected to find here the sorts of quantitative indicators that lend themselves to being measured along cardinal or ratio scales.

2.3.4 Content of the Co-operation

Normally the content of KTS aid is described as ‘technical assistance’. However, since it may be sought and provided – at least in the countries visited – as much for reasons of institutional change as of simple technology transfer and adaptation, this description is not ideal for all purposes in this case. Rather, KTS aid would be better described as ‘technical and institutional’ assistance.

Normally, KTS projects usually involve several different types of activity. It is possible – and it may be important, both for understanding ownership and for explaining project results – to distinguish different forms of this assistance, according to the predominant activity or set of activities in it. The categories used in this evaluation include:

- Training, formal or informal (T).
- Consultancy (C), with or without the transfer of tacit knowledge (K).

Not surprisingly given the nature of this KTS characteristic, this is a nominal scale.

2.3.5 Contractual Arrangement

In the KTS aid form as seen by Sida, the contractual arrangement between Sida, the LPO and the consultant is a, if not **the**, defining characteristic. By using the form of contract financed co-operation, Sida expects or hopes to achieve the following objectives. *First*, the LPO (the ‘client’ in the contract) is expected to learn market practice (as opposed to aid practice) by designing contracts and using them to control the activities of the contracted consultant. *Second*, when the KTS aid form replaces program-based aid (in the context of a country strategy), it is expected to function as a smooth way of organising exit from aid to the country by offering technical assistance for some time beyond the end of the country strategy. At Sida, KTS is seen as a clean way of organising aid, with Sida’s role limited to financing the contract.

There are three different aspects to the contractual arrangement: (i) what roles and responsibilities are assigned to each partner in the triangle of relationships; (ii) what roles and responsibilities they actually assume; and (iii) what happens when one of the partners does not act according to the arrangement. The first of these aspects tends to be standardised, because all contracts have to be approved by Sida, and the agency has clear guidelines concerning contracts. The second is the subject of this whole evaluation, in the sense that it studies the behaviour and relations between the partners in the project, particularly when they deviate from what is seen as ‘normal’. Although particularly the first may be subjected to analysis, neither of these aspects lends itself easily to the definition of indicators.

At least in theory, the contract defines clearly the mutual obligations between consultant and LPO, and empowers the LPO to act as the buyer as in a ‘normal’ commercial relation. However, all finite contracts are incomplete: no matter how much effort is put into identifying possible alternatives, some remain undefined and are not provided for. At the same time, empirically, the power that the contract is supposed to confer on the

LPO as buyer of services can only be detected when it is exercised. However, in most of the cases studied by this evaluation, the contract-power that for some people in Sida so strongly characterises the KTS form was not identified by LPOs either as a striking characteristic, or one that potentially at least enhanced their ownership of the project concerned. For this reason it was important for this evaluation to establish how such matters are seen, and whether such power is used or not, by the aid recipient.

In this respect it is important to ascertain *the use by the LPO of the power (in the sense of 'capacity to influence behaviour') the KTS contract gives the LPO in its relations with the consultant*. The following three values were used:

- *Irrelevant/redundant*: The LPO made no explicit attempt to use or invoke the KTS contract to mediate its relations with the consultant.
- *Low*: The LPO has tried to invoke the KTS contract in order to exercise influence upon the consultant, without much success.
- *High*: The LPO has successfully invoked the contract in order to exercise influence upon the consultant.

In this case, the first value is not measurable on the same scale as the other two but, since it refers to meta-analysis, its inclusion is acceptable.

2.3.6 Sida's Role

Sida is supposed to play a very limited role of financing the contract, without interfering directly in the relationship between LPO and consultant. To stress this fact, Sida does not even appear as a signatory to the contract between the two other parties, and expresses (and commits) its support to the project through a 'letter of agreement'.

Different parties in the triangle may have different perceptions as to whether Sida's role is as limited in KTS projects as it is stated to be, or felt that it ought to be. Allowance must of course be made for perceptions that Sida, as the donor, sets the rules for access to and operation and evaluation of KTS, and stays in both distant and close touch in non-contractual ways through its desk officers and others. There may also be differences according to which aspect of the project cycle is considered, and given most importance. In Sections 7.6 and 7.7 below these aspects of Sida's role are discussed at some length.

In addition to these aspects, it is important to assess the direct involvement of Sida in the day-to-day running of the project (what could be described as the degree of its 'hands-on' involvement⁵). The indicator characterising the role of Sida in this case relates to the *extent of Sida*

⁵ Note that 'hands-off' and 'hands-on' are not necessarily exclusive or contradictory descriptions when for example the latter applies to say financial control and the former to daily running of a project.

involvement in project formulation and implementation (including selection of the consultant). This indicator takes the following values:

- *Low:* Sida played little or no role in formulation or implementation.
- *Medium:* Sida was occasionally involved in formulation or implementation.
- *High:* Sida was closely and actively involved at several points during formulation and implementation.

2.3.7 The Meaning of ‘Demand-Driven’

To ensure local ownership, Sida requires that KTS projects be demand-driven. In other words, the agency’s role is meant to be mainly reactive, to meet the mainly proactive role of the would-be LPO.

Checking whether KTS projects were demand-driven involves considerable conceptual and operational difficulties. The ToR for this evaluation tended to identify ‘demand-driven’ with ‘initiated by the LPO’. Further elaboration in turn led to the question ‘who had the initial idea for the project?’ Unfortunately, in most cases the questions of who initiated a project, or who had the initial idea for it, are neither meaningful nor easily researchable questions for this evaluation. Especially with successful projects, it is literally impossible, within the constraints under which this evaluation has worked, to trace the origins and evolution of the idea that gave rise to a project. Even if nobody deliberately tries to hide anything or to distort the truth, different people tell different stories – and such stories are all the evaluation can have access to. They are often different enough to make them incompatible. Given the constraints on this evaluation, it would be pointless – and it may also not be very important – to engage in the research necessary to make them compatible.

Given these difficulties, it is understandable that ‘demand-driven’, as we have seen the term used by Sida in this evaluation, most often meant simply that there was, at some point, a request for the project, issued by some local organisation and supported by the local agency or ministry in charge of co-ordinating aid⁶. Presumably, someone in Sida also tried to make sure that the demand for it was genuine. All this has little to do with the question of who had the original idea. Even if the original idea was

⁶ It also does not help much to see who actually produced the project proposal. An analysis of a number of projects indicated that there seems to be a difference in practice between INEC and Sida-Öst, in that in INEC the proposal should come from the LPO (even if sometimes it was prepared with support from the consultant), while in the case of Sida-Öst several proposals seem to have come directly from the consultant.

Sida's or a consultant's, and if one or the other of these actors played a strong role in selecting, formulating and promoting the project, it would only be considered for funding if requested by some local organisation. It is, therefore, to be expected that for every approved KTS project there are, somewhere in the files, signatures of responsible persons in the recipient country, asking for it. All KTS projects are demand-driven in this trivial sense.

Another possible interpretation would be the degree of the LPO's interest in or commitment to the project. Indeed, what does it matter if the idea for the project was Sida's or the consultant's, if the LPO wants it strongly enough? This is, however, what elsewhere in this report we define as ownership of objectives (or commitment): the extent to which the LPO subscribes to, supports and identifies with the project objectives. It has the advantage that it can in general be assessed in a way that most people would agree with. There is, however, a methodological problem with this interpretation: 'demand-driven' would then become an aspect of ownership, and could no longer be used as a KTS characteristic.

The challenge here is to find an interpretation for this expression that is close enough to its everyday meaning to make sense, and yet different enough from the ownership of objectives to allow treating it as a KTS characteristic. In this study, a project is defined as 'demand-driven' if it responds to a need on the part of the LPO, and if there was an awareness of that need on the LPO side, at the time the proposal was made. This definition can be justified on the grounds that (a) both those elements are required for a demand to be expressed, and (b) the demand will tend to be stronger the more strategic the need, and the stronger the LPO's awareness of that need⁷. It also allows a relatively easy assessment of whether a project was demand-driven. Interpreted in this way, the fact that a project is demand-driven does help Sida to select cases where local ownership is likely to be high, especially if this requirement is combined with that of competent local partners.

The difficulties mentioned above lead us to opting for a 'Yes/No' indicator, rather than one with several values.

2.3.8 Cost-Sharing

Sida defines cost-sharing as the extent to which LPOs provide resources and implementation costs for in-country project activities. But no prescription is made as to what this proportion should be, and greatly varia-

⁷ This definition is in broadly line with Sida's *Contract Financed Technical Co-operation* (May 2000, p. 5) where it is said that projects that can receive support 'refer to activities which are of strategic importance to development in the partner country'.

ble contributions on the part of the LPO are accepted in practice. It is as if what Sida seeks is a token but significant contribution, as an earnest of commitment more than a means of support.

Given these uncertainties and taking into account the relative nature of this concept, this evaluation defined the indicator *degree of cost-sharing* with the following values:

- *Low*: No cost-sharing at all, or only inputs in kind.
- *Medium*: Provision of inputs in kind together with some sharing in local costs (e.g. transport, translation, some hotel costs) of the project.
- *High*: Provision of a significant proportion of the total costs of project implementation, including most or all of the local costs.

To come to a judgement about cost-sharing it may be relevant also to ascertain how important the cost contribution is in terms of the LPO's own, non-project, budget. In other words, the terms 'some sharing' and 'a significant proportion', used above, have to be seen not only in relation to the project budget but also, and perhaps more importantly, to the LPO's available resources⁸.

2.3.9 Limited Projects

As the Terms of Reference for this evaluation indicate, "to avoid aid dependence and ensure continued strong local ownership" KTS projects are supposed to be limited both in duration and in terms of their financial volume⁹. The second of these characteristics relates primarily to the fact that they tend to be relatively short consultancy projects, with a small material component or none at all.

It is very difficult for this evaluation to assess the second of these characteristics – i.e. small projects – since that would require comparison with other projects, of the recipient country and also of Sida.

The 'limited in time' characteristic relates to the extent to which the project is a once-off intervention. However, where an individual project

⁸ It is very general as regards project aid, not only KTS, that a contribution to local costs is required of the local partner. However, the importance of cost-sharing may not be seen in the same way by the local partner as by Sida. For example what may be uppermost, on the plane of project costs, to the LPO may be the proportion of total costs spent on the Swedish consultants, activities in Sweden, a rule against supporting local consultants costs, etc. In which case little if any significance may be attached by the LPO to cost-sharing.

⁹ It is also worth mentioning that, in interviews with Sida-Öst, the rationale presented for the limited duration of projects was completely different from the above. Limited duration projects were seen as an instrument of flexibility in situations where the co-operation takes place in a constantly changing and very uncertain environment. In this context, the device of structuring co-operation as a series of limited projects was seen as combining the advantages of flexibility with those of building long-term relationship with the LPOs.

tends to be one in a sequence, although it might appear, on paper, the result of a stand-alone decision, it is important to capture both the history of the project and expectations of the LPO and the Swedish consultant as to what might come 'next'. It must also be observed that, where institution building is the content of the 'technical co-operation', presumably all parties would agree anyway that what is required 'takes time'.

For this evaluation the indicator *degree to which the project is limited* was defined, with the following three values:

- *Low*: The project is a medium term project and the LPO hopes or expects the co-operation with Sida to extend after it (as it may well have extended before).
- *Medium*: The project is short and clearly one of a series (as possibly indicated for example by a contract headed 'Phase 1' or 'Phase 2' or 'Final Phase').
- *High*: The project is a short, once-off event where the LPO does not want or expect either new phases or new projects funded by Sida to follow.

2.3.10 Competent Partners

Two kinds of competence are relevant in the context of KTS: (a) technical competence in the substantive area of the project; and (b) organisational capacity (primarily for effective project implementation). The former refers to the capacity of the LPO to participate in the KTS project and fully appropriate and benefit from the technical knowledge transferred in the project; the latter to the capacity to play an active role in the process of co-operating with the consultant, and to manage the project and the relationship with the consultant effectively. However, both are difficult for this evaluation to assess in any detail. A policy not a project evaluation, it simply cannot go deeply into such internal project matters as competence, efficiency, and the like.

Competence is used as a selection criterion for choice of local partner in the first place and, as such, it is clearly a relative concept: 'competence for ...' rather than simply 'competence', is what needs to be assessed. It is also a characteristic of the LPO which can and does change: it is both possible and desirable for the LPO's competence to increase substantially during the project.

This evaluation distinguishes the following values.

For technical competence:

- *Low*: The LPO lacks the minimum technical competence to be able to take full advantage of the project, in terms of transfer of knowledge.

- *Medium:* The LPO has just about enough technical competence to take advantage of the transfer of knowledge involved.
- *High:* The LPO has considerable technical competence and is well placed to take full advantage of the transfer of knowledge associated with the project

For organisational capacity:

- *Low:* The LPO lacks sufficient organisational capacity for project management/implementation.
- *Medium:* The LPO has just about enough organisational capacity to manage/implement the project.
- *High:* The LPO has more than enough organisational capacity to manage/implement the project.

2.3.11 Swedish Consultants

At least some information on (a) the type of organisation and (b) professional competence has been sought, that regards the Swedish consultants involved.

(a) Characteristic type of organisation

The consultant may be a private company; a non-governmental organisation (NGO); a semi-public agency; or, a Swedish government agency or the consultancy arm of such.

(b) Professional competence

It seems useful to characterise the competence of the consultant in relation to the job they are doing or supposed to do. This competence is likely to be a mixture of two kinds of competence: purely technical competence, and what could be described as socio-cultural competence, where the latter refers to the consultant's ability to adapt to the conditions of the country and to build good relationships with the LPO. The second kind is especially important in contexts which are very different from the areas where the consultant normally works. The following indicator does not distinguish the two, because both are essential for the consultant to be able to perform its role adequately. The following values are used to characterise the consultant's professional competence:

- *Low:* The consultant lacks the minimum competence to be able to carry out its duties in the project, in terms both of management and of transfer of knowledge associated with the project.
- *Medium:* The consultant has just about enough competence to be able to carry out its duties in the project.
- *High:* The consultant has considerable competence and can easily car-

ry out its duties in relation with the project, both in terms of transfer of technical knowledge and in terms of management¹⁰.

2.4 Ownership: Some Aspects and Indicators

2.4.1 General

It is evident from the ToR and from some of our discussions in Stockholm that, for Sida, ‘local ownership’ is a key issue for ‘good co-operation’. Whether this is similarly the case for the aid recipient is of course another matter. As noted elsewhere, the fieldwork suggests that project success may be more important to the LPO and other stakeholders than local ownership. It must be noted that our interlocutors *never* brought this concept into their discussions with us. Unless it was specifically injected into a discussion and analysis, the concept – not just the word – local ownership simply did not arise. It was not, in these exchanges, an explicit – whether affirmed or contested – issue. Local ownership could nevertheless be said to be potentially implied or subsumed when for example a project and its activities are seen as being closely identified with the work – perhaps also the identity – of the organisation whose project this is.

2.4.2 What is Owned, by Whom

A development project may be seen as a number of *processes* that are set in motion, guided and co-ordinated in order to transform material and non-material *inputs* into certain material and non-material *outputs or results*. Non-material results include, for instance, transfer of knowledge and institutional development. Project results are expected to lead to the achievement of one or more (*specific*) *objectives* and, these in turn, shall contribute to the achievement of a *general or development objective*¹¹.

A working definition of ownership therefore requires some key distinctions: between ownership of *material inputs and outputs* (*i.e. objects*); of *non-material inputs and outputs* (particularly, in the case of KTS projects, technical knowledge); ownership of *objectives* and of *processes*. Ownership has different meanings in each of these references. This implies that in at least some of them the term is used metaphorically. Prescriptive meanings of the term tend to be more honorific and metaphorical than descriptive meanings. However, the latter may be this too.

¹⁰ Note that where, as regards what is portrayed as a successful project, it is said by the LPO that ‘everything depended on the consultant’, ‘the consultant was excellent’, etc., this comment may apply to the consultancy company involved, one or other of its core staff or partners, or a sub-consultant *i.e.* those hired by the company but for example not named in the contract.

¹¹ This formulation deliberately uses the view of projects that underlies the Logical Framework Approach.

If a project has a number of *material inputs or outputs*, it is in principle possible, even easy, to indicate who owns what and when. Ownership of objects can be equated with property rights. Property rights are, of course, not absolute. They are limited by legislation and agreements, for instance between the LPO and the donor.

Ownership by an organisation of the *knowledge outputs* in technical assistance projects requires the mediation of individuals and the associated individual acquisition. In other words, the organisation acquires knowledge to the extent that this becomes personal knowledge of certain of its individual members, who then put such knowledge to the use of the organisation.

Ownership of an *objective* may be equated with a commitment to that objective, as can be ascertained by examining the documents as to priorities and the like. Whether this ownership can be translated into ownership of processes (see next) clearly depends on the local partners' capacity or organisational competence. Commitment and organisational competence are therefore pre-requisites for some references of ownership, and are to be assessed whenever possible.

For this evaluation, ownership of *project processes* means the assumption of responsibility for project formulation, implementation and control. Ownership in these regards may be different in different stages of the project cycle. An LPO may have the necessary competence to analyse its own situation and formulate its main needs (and a project that responds to these), and yet lack the competence to take full responsibility for say the management of the project thus identified. Then it may be forced to rely on the consultant for that. The consultant also, in many of the cases we studied, mediates between the LPO and Sida whenever necessary.

All the definitions of ownership given above are compatible with ownership by an individual, an organisation, or even a group of organisations and/or individuals.

As to the question of who owns what in the recipient country, it is easy for instance to conceive of a project in which the project itself is owned by an LPO, while the objectives are co-owned by that organisation and other stakeholders, including certain government departments. Project outputs are owned by the project owner and may also be owned (or used, or enjoyed) by other project beneficiaries or stakeholders.

From all this we may conclude that just what is or ought to be meant by ownership, as in local ownership, may be more implied than explicit, and is sometimes subsidiary or even redundant or irrelevant at the level of explicit discourse and analysis about KTS (and other) project aid.

2.4.3 Indicators of Ownership

General

The purpose of going here into indicators and scales for ownership is to reduce subjectivity in judgmental perceptions that assess different kinds of ownership. However, the operative word is 'reduce'. Recourse to indicators does not eliminate subjectivity (or judgement). Rather it helps place this subjectivity within the bounds of inter-subjectivities, to reveal differences between evaluators as to their judgements, and thus to give them at least the chance to resolve them through discussion and negotiation. In other words, the cautionary remarks made in Section 2.3.2 are fully as relevant for indicators of ownership as they are for those which refer to KTS characteristics.

Ownership of Project Outputs

a) Goods and services

Rights of access, use and property and the corresponding obligations (including fees) will simply be noted and described in this evaluation, with proxies not sought.

b) Knowledge

Knowledge transferred through KTS and used that would indicate ownership by an organisation may include e.g. new models for urban planning adopted, new methods of land registration, new forms of local government associations or new management methods. Note that in some cases, such new knowledge might amount not just to adoption of new software but also of institutions new to the aid-recipient country. In which case the highest rank below would be indicated. Occasionally, the knowledge may be transferred to people outside the LPO. In such a case, it is the use by those people, in their own contexts, that should be assessed.

The ownership of knowledge was ranked according to the *degree of incorporation of new knowledge* into the organisation's activity according to the following three values:

- *Low*: The new knowledge is not used or is only sporadically used in the normal activity of the LPO.
- *Medium*: The new knowledge is normally used.
- *High*: The new knowledge is centrally (strategically) used.

Ownership of Project Objectives

Ownership of project objectives may be measured by the *priority assigned to the project by the organisation*, as indicated for example by a staffing or an office change made in its favour, the foregoing of other desired objectives, etc. It may also be revealed by the key decision-makers of the organisa-

tion. It was estimated along an ordinal scale formed by the following three values:

- *Low*: The project is seen as having a low priority in terms of the objectives of the LPO.
- *Medium*: The project, seen as useful, has similar priority to other activities of the organisation.
- *High*: The project is ranked as important for the purposes of the LPO.

2.4.4 Ownership of Project Processes

Formulation

Formulation is the period and process during which agendas find their way into the project. The agenda is not necessarily owned by the local partner in the triangle of relations that is the focus of this evaluation, but by either Sida or the Swedish consultant (or both of these acting together).

The local ownership of project formulation may be indicated by the *control of the local partner over project formulation*, as indicated for example by the local partner having yielded unwillingly (or not) to particular elements being included against its preferences such as, the incorporation of a gender perspective in a project.

An ordinal scale with the following three values has been used by this evaluation:

- *Low*: The LPO accepted more or less passively the project formulation carried out by another party (e.g. the consultant or Sida).
- *Medium*: The LPO played an active role but did not take full responsibility for formulation.
- *High*: The LPO took full responsibility for formulation.

Tendering (finding/selecting the consultant)

Did the local partner *control the selection of the consultant or consultants?* There are several types of situations where there is no tendering for consultancy services, e.g. where new projects tend to follow old, which is a pattern not of individual and stand-alone projects (except on paper), but of projects in a sequence, or where for a particular type of project there exist in Sweden only one or a few consultants with the requisite knowledge. In some cases it also proved difficult to answer the question 'which came first, the project or the consultant?' especially where the latter's (non-project specific) business practices included for example the holding of seminars, exploratory visits etc. with a marketing or public relations effect.

Whenever there is tendering – the exception rather than the rule, but an exception growing in frequency – the LPO is supposed to play the principal role in the selection of the consultant. For this it may sometimes benefit from the short-term support of a consultant especially appointed by Sida. However, the rarity of situations where the LPO played a dominant, or even an explicit, role in the selection of the consultant has led to the removal of this indicator from the analysis.

Implementation.

While ‘implementation’ is a concept used in *Sida at Work*, ‘management’ is not. This evaluation chose to analyse implementation into some of its component elements – including management – and separately assess ownership in relation to them. This was done on the understanding that there are different aspects of decision-making involved in implementation, such as mediating relations with Sida, managing the project (which includes an important function of monitoring) and evaluation. Was the main responsibility taken, for each of these components, by the LPO? And if not, by which of the other two parties in the triangle?

Of these three components, ownership of evaluation turns out not to require any indicators. This is because formal, specifically commissioned evaluations are carried out by and for Sida alone inasmuch as the evaluators (be these Swedish or not) are selected by, and report to, Sida. On the other hand, the LPO is expected to play an important role in project reporting, approving progress reports and co-authoring final reports. Thus it may also play an important role in the ongoing evaluation process.

Sida’s role as a financing agency and its approval of project reports confers strategic importance on the question of ownership of relations with the agency. The *LPO’s responsibility for relations with Sida* was scored along a scale with the following three values:

- *Low*: The consultant takes most responsibility in managing the relations with Sida.
- *Medium*: Both the LPO and the consultant take responsibility for managing the relations with Sida, either together or separately.
- *High*: The LPO takes most responsibility in managing the relations with Sida.

Finally, management as the term is used here is separate from the interventions by Sida that the two other parties have to comply with.

The degree of responsibility of the LPO vis à vis the Swedish consultant for project management could have one of the following three values:

- *Low*: The consultant took the main responsibility for managing the project.
- *High*: The LPO took the main responsibility for project management.
- *Shared*: The LPO and the consultant share responsibility for project management.

The introduction of the third value for the indicator ('Shared') is a consequence of the fact that LPOs value more highly a situation in which they share responsibility for project management with the consultant than one in which they would assume all such responsibility.

Chapter 3

Egypt: The National Context and Aid Regime

3.1 Introductory Remarks

Egypt's strategic location, the size of its population, the strength of its military forces, and the considerable weight of its political leadership in the Middle East and the Arab world are all factors that have positioned it at a critical point in wider world power competition. It is this position and Egypt's position within the world system in general that has determined the country's political and economic policies and realities in recent history. The socio-economic and political situation in Egypt, in the last three decades in particular, has been largely determined by the implementation of structural adjustment programmes and the battle over privatisation, and the politics of foreign aid.

The implications of this national context and aid regime for the KTS approach that is meant to build local ownership are all pervasive and resonate throughout this study. Some aspects of this national context are brought into focus in the following subsections, not least for their relevance to central issues of this evaluation such as empowerment, local ownership, and donor *vs.* demand-driven development.

3.2 Public Bureaucracy and Structural Adjustment

Since the 1950s, Egypt has had one of the largest bureaucracies in the developing world. Its size has continued to grow irrespective of the different political and economic policies adopted by the regime since then. The major expansion in public bureaucracy began with the nationalisation measures of the early 1960s. Even during the 1970s, a period characterised by adoption of the 'open-door' economic policy (*infitah*), institutional growth continued under its own momentum. Between 1977 and 1980/81, employment in the bureaucracy increased by 10 per cent per annum. By the end of the 1980s, the public sector accounted for 40 per cent of GDP and 36 per cent of employment.

Following almost a decade of rapid economic growth due to increased oil production and prices, expatriate worker remittances and foreign aid, the Egyptian economy experienced a slow-down in growth in the mid-1980s as a result of the collapse of world oil prices in 1986 and the levelling-off of remittances and foreign assistance. The reaction of donor countries to this economic crisis was unequivocal. They pressured Egypt into adopting policies of privatisation by refusing to support public sector expansion or rehabilitation, while offers of project aid from bilateral institutions were replaced by loans tied to structural adjustment. In 1986 the Egyptian government accepted an IMF reform package as a precondition for financing part of the country's estimated US\$40 billion debt.

The implementation of the privatisation programme in Egypt has been very slow. This is mainly due to two factors:

- Official fears of social repercussions. Officials responsible for the implementation of economic liberalisation and privatisation programmes have been very reluctant to impose the full weight of the SAP austerity measures for fear of public.
- Resentment by public sector managers. Members of the bureaucratic élite, who control the public sector, view it as their main source of economic, and hence, political power. This group has, accordingly, been extremely antagonistic to drastically reducing the public sector.

The slow pace and confusion over this restructuring process is perhaps a factor contributing to what Sida perceives in Egypt, in contrast for example to the case of Jordan, as difficulties and hindrances at the project identification and take-up phases contrasted with the smoother project process in mid and later stages. The unclarity with regard to new regulations and rules within recently restructured organisations or ones in the process of restructuring is probably adding to the already heavily layered bureaucracy in Egypt.

3.3 Egypt's Economic Crisis

The Egyptian economy has been facing a serious crisis in the last few years. Even before the 11 September 2001 events, which have exacerbated the situation, the economy had slowed down to near recession in certain sectors. The banking system was shaken by defaults on loans extended without sufficient collateral to well-connected individuals. Unemployment reached such high levels that when the government invited applications for a limited number of jobs in 2001, 4.5 million people applied. The exchange rate and the foreign currency markets are very unstable, and the country faces a serious shortage of foreign currency.

Egypt's public debt now amounts to 26 per cent (\$180 billion) of the annual budget (and stands at 60 per cent of GDP), which this year (2002) is \$2.4 billion short. In comparison, the country's external debt amounts to \$27 billion. Economists estimate that Egypt's growth will slow down to 2 per cent (from 3.3 per cent last year).

3.4 Egypt and Foreign Aid

The flow of foreign aid to Egypt is probably one of the key factors that has shaped the socio-economic and political life of the country in the course of the past 40 years. As a result of its regional significance Egypt has become one of the largest per capita recipients of aid in the world; since 1975, aid has amounted to an average of 15 per cent of GDP. Since the 1960s, aid to Egypt has been characterised by enormous shifts in both donor source and amount due to changing configurations in world power politics and shifts in Egypt's foreign policy.

Foreign aid to Egypt is believed by Egyptians, intellectuals and the masses alike, to be governed more by political considerations than by realistic economic need.

To help Egypt out of its current acute economic crisis, donors provided Egypt with sizeable aid packages early this year. On 3 January, the US Congress approved the annual disbursement of \$959 million in economic assistance to the country. On the same day, the African Development Bank announced it would grant Egypt \$1.6 billion over three years, mostly in low-interest loans. Various donors which took part in the 5-6 February Consultative Group for Egypt meeting pledged \$2.1 billion in funds for immediate disbursement as part of a \$10.3 billion overall package for the period 2002–2004.

Public Organisations in Egypt

Both the environment in which public organisations operate in Egypt and the laws, which govern them, are very complex. In effect, there is no easy guide for understanding the rules governing the work of public organisations in Egypt. There are two main underlying factors for the complexity of the situation:

- 1) There are different sets of laws governing different public bodies. For example, the laws for public organisations are very different to those of public companies, which in turn are different to public authorities and so forth.
- 2) All these laws have been undergoing major changes in the last few years. Most of the public sector organisations, authorities, companies are currently being privatised. Some of these organisations, which are

in the process of being privatised, are currently working under different set of laws (both applying to public and private sector organisations). The situation is therefore very fluid and rather confusing.

Although it is beyond the scope of this study to attempt to give a thorough analysis of public organisations in Egypt, some observations in this regard can be relevant in relation to KTS. For instance:

- The fluidity of the status of many public organisations and the complex system of laws governing them often create difficulties and delays for project initiation and operation. This can explain the slow process of starting up KTS projects.
- Despite the ongoing reforms which attempt to soften the currently rigid bureaucracy of the public sector, Egypt's public sector still operates within a highly hierarchical, centralised system. This in turn has some implications for international co-operation in general, including delays in starting projects.

3.5 Concluding Remarks

The aid regime in Egypt is an integral part of the national context. The above few comments on Egypt's national context are relevant to this evaluation since elements of this context noticeably link with, and probably shape the LPO perspective of the aid regime in Egypt with which LPOs (and to an extent also Swedish Consultants) have to deal. The world of aid is perceived by LPOs, as reflected in the findings of this report, as an integral part of their national context, not as an additional/optional arena for the exercise of open or free choice. As such foreign aid is to be accepted and accessed in its own terms as advantageously as possible for particular project purposes, not as a space in which to contest with individual donors for local ownership and similarly ideal objectives.

Chapter 4

KTS Projects in Egypt: Our Interlocutors' Perceptions

4.1 Introductory Remarks

As noted, this policy evaluation is informed by, among other things, visits to selected projects. The purpose of these visits was to ascertain and explore the perceptions held by their personnel, and sometimes other stakeholders, as to the KTS characteristics applied and the perceived significance of these for local ownership.

This section gives the main findings of this project level inquiry regarding first, the KTS characteristics as applied in these cases, and second, what these findings tell us about the dimensions of local ownership.

4.2 How Sida Understands KTS in Egypt

KTS dates in Egypt from 1978. Relative to other donors, the overall Swedish contribution to development aid in Egypt is small. Aggregate Swedish aid to Egypt peaked in 1993–95, when the country suffered widespread economic stagnation. Table 1 (Source: the desk study made for us in Stockholm by Maria Nilsson) shows total disbursements to the country by aid form from 1993 to 2001¹².

¹² However, as indicated by the Egypt Desk Officer, the correct figure for disbursements in 2001 is SEK 6 407 000; as commented by the KTS officer in Cairo, the figures for the disbursements of KTS aid during 1993–94 and 1994–95 are wrong. This is therefore, understandably, a table that should be treated as presenting indicative figures only.

	1993/94	1994/95	1995/96	1997	1998	1999	2000	2001	Total
KTS	0	0	13552	3019	3342	2778	4324	1806	28821
Other project Aid	0	173	60000	8000	250	250	5000	0	73673
Aid through NGOs	0	200	100	0	4690	3926	3580	-64	12432
Programme Aid	30000	30000	0	0	0	0	0	0	60000
Total	30000	30373	73652	11019	8282	6954	12904	1742	174926

While KTS support to Egypt started in the energy sector, which has continued to dominate – if declining – more or less throughout, it is neither in principle or practice sector-specific. However, overall the Egyptian Electrical Authority is and long has been a prominent recipient, and two Swedish companies have been equally prominent consultants, namely SWECO and SwedPower.

In Egypt, as in various other countries, KTS is an expression of one of Sida’s approaches to development aid, namely, grant aid. The others, depending on the type of co-operation, are credit and credit guarantees. The focus in this evaluation is limited to grant aid, and in particular its contract-financed form.

As Sida sees it, that the contract for consultant services is signed with the consultant by not itself but the LPO, illustrates and ensures what colloquially it calls its ‘hands off’ stance. The idea is that this arrangement allows the LPO to be ‘in the driving seat’ and – another colloquialism – therefore ‘demand-driven’ (not donor-driven or consultant-driven). That, within Sida, KTS is promoted also as an approach to its own cost-, and time-, effective management of a large volume of aid is another part of the story that this evaluation considers.

How Sida sees and implements its KTS projects in Egypt, as this field study determined, is, in general, consonant with the general statements in for example Sida’s policy booklet ‘Sida at Work’ (1995): “Sida’s approach where our co-operation partners are concerned – countries, companies and organisations – is that they themselves must be responsible for their projects: they must ‘own’ their own development” (p. 17). That, in addition, Sida has its own preferred – or required – development priorities is not seen – at least by the donor in the Sida-SC-LPO triangle – to be inconsistent with what it seeks as the ‘demand-driven’ approach that KTS is designed to represent and elicit:

¹³ Swedish International Development Authority, which in 1995 merged with BITS, Sarec and SwedCorp and formed thereby Swedish International Development co-operation Agency (Sida).

Where Swedish priorities coincide with those of the co-operation partner, it is natural for the parties to co-operate in the mutually agreed areas ... In order to be able to say that a partner in co-operation is the owner of a project, the partner must ... be prepared to assume full responsibility, participate actively in the work, and be ready to implement the project on its own initiative ... in the field of contract-financed technical co-operation Sida works to ensure that co-operation partners assume full responsibility for planning and implementing activities, thus limiting Sida's responsibility to making an assessment of certain central issues, such as the objectives and the capacity of the partner (*ibid*: p.19).

The KTS guidelines (Sida's Division for Technical Co-operation and Training Programmes, Stockholm 2000) for actual practice that are used in Egypt are apparently well known to all parties. However, while these state that Sida is 'a non-implementing party', they also clearly state that Sida is responsible 'as financier' (which should read 'co-financier' given the cost-sharing dimension of this aid form) for almost everything else in the project process. Also *Sida at Work* states explicitly that besides respecting and strengthening local ownership Sida also has the task of "finding a practical, feasible balance between promoting ownership and exercising control" (p.19).

4.3 The Eight KTS Projects Selected

The selection of KTS projects to visit was made from more than 50 listed in the desk document on KTS projects in Egypt prepared in Sweden.

All projects visited are those which either are currently running (or still expected to start), or concluded only very recently. Fortunately, in all cases the hoped-for visits proved possible. The projects chosen are illustrative of the wide sectoral range of projects that KTS in Egypt supports. Others were not selected, partly because of time constraints but even more importantly on the initial assumption that serious access to projects which are now history would be too limited even for the consultancy purposes of the present study. Once in Egypt we found no reason to question this assumption.

The eight projects visited comprise cases in energy, industry, public administration, engineering, transportation, gender and regional planning as follows:

- Computerised maintenance and material management system (CMMS)
- Mount Attaqa pumped water storage
- Metallurgical research and electric arc furnace

- Administrative control for anti-corruption
- Groundwater studies at Karnak and Luxor temples
- Container terminal for river transportation
- Gender awareness at the Ministry of Social Affairs and Social Insurance
- Regional planning

4.4 Eight KTS Projects in Egypt: the Characteristics

Table 2 indicates the application of the KTS characteristics in the projects visited for the purposes of this evaluation. It should be cautioned that in some cases the 'grades' given are based on impressions rather than in-depth analysis of each case not only given the number of projects to be considered in the time available, but more importantly because this is not a project evaluation. Mostly, though, at least they would appear to be generally reported impressions, not those of this evaluation only. Furthermore, findings on the characteristics are presented as snapshots, which limits some of the discussions, for instance with regard to issue of 'competence' and 'limited projects'. The indicators used are those elaborated for the evaluation as a whole of which this Egypt study is part. It should be noted that the 'use of contract' for dispute settlement is used as an indicator for LPO empowerment.

Table 2: Application of KTS Characteristics in eight projects in Egypt

Project	KTS Characteristics										
	Content of co-operation	Demand	Use of contract	Direct involvement of Sida	Cost-sharing	Limited projects	LPO Competence		Swedish Consultant		
							Technical	Organisational	Type of organisation	Competence	Effectiveness
ACA	T	Y	N	A	M	L	H	H	Private	H	M
CMMS	T	Y	N	A	H	L	H	H	Private	H	H
Temple	FS	Y	Y	A	M	H	?	?	Private	H	M
Container	FS	Y	Y	E	M	H	L	M	Private	H	M
Arc Furnace	FS + T	Y	N	A	M	H	H	H	Private	H	M
Attaqa	FS	Y	N	A	H	H	H	H	Private	H	M
Physical planning	T	Y	N	A	M	H	H	H	Private	H	H
Gender	T	N	N	E	L	H	L	?	NGO	?	H

H: high M: medium L: low
T: training FS: feasibility study
Y: yes N: no
A: average E: exceptional
? : Factually or categorically difficult to classify

4.4.1 Content of Co-operation

KTS support in Egypt is not sector specific. This is evident from the varied types of projects KTS gives support to. The 8 projects, which are the focus of this evaluation, are distributed across the following sectors: energy, transport, industry, physical planning, culture (antiquities restoration) and gender. However, the energy sector has probably received 60% of total KTS support in Egypt. The two main forms that these projects take are feasibility studies and training, which also include study visits to Sweden. Obviously, consultancy is involved in each project, being subsumed in the concept of international co-operation.

Knowledge transfer and institutional and capacity building are the key concepts behind KTS co-operation in Egypt. The closeness or otherwise of fit of this content of the co-operation to its form and purpose was not specifically brought up by our interlocutors. Some conclusions that may nevertheless be drawn in respect of this and other findings regarding the content of co-operation (and all the other characteristics and features mentioned in this section) are explored in Section 4.

4.4.2 The Contract

In only two out of the eight projects visited in Egypt has the contract, which lends its name to KTS actually, been used by the local partner to attempt to settle a dispute with the consultant to the LPO's benefit. Interestingly, these two disputes came about in cases where a third party, namely, a local contractor was involved. In one case, that of the River Transport Authority (RTA), the dispute had been settled just one week prior to the visit by the evaluation team. The settlement, however, had not been reached by resorting to the contract. The contract was used by the LPO only to withhold the payment of an invoice to the consultant until a solution to the disagreement was found. The solution was reached through Sida's intervention, which took the form of hiring a neutral consultant to give an independent assessment of the situation and come up with a compromise, which eventually satisfied all parties. In the other case, which is still ongoing, the LPO is using the contract to refuse payment of additional costs for activities that were not originally envisaged and hence not outlined in the contract.

In two instances, LPOs commented to us on the contract restricting the freedom of the LPO and the consultant to co-operate independently of Sida (despite it not being signed by Sida). For example, our interlocutors at the General Office for Physical Planning cited an incident where the LPO and the consultant agreed, during the course of the project, on an additional study visit to Sweden, which required no additional costs because of savings in the budget. The visit, however, needed Sida's approval to go ahead because it was not listed in the original activities of the project. However there could be some confusion here as it is normally the Letters of Agreement / Undertaking that lay down the conditions for Sida's support including budget, rather than the contract between the parties.

The limitations of the contract, and the strong presence of Sida during instances where the contract should have been the reference point instead, is regarded by LPOs as acceptable and normal. In the world of aid in Egypt, LPOs expect donors to have mechanisms to ensure their control over the process of co-operation and see that their money is spent appropriately.

That, according to Sida staff, not all contracts refer to Swedish law as regards dispute settlement, but only some, is noted. What does or does not go into these contracts depends not on following a required model but on the LPO's and the consultant's reaction to suggestions offered in Sida's guidelines. Swedish law for dispute settlement can be stated in the contract if the LPO – and the consultant – agree. It is the Swedish law referred to in Letters of Agreement that is non-negotiable. However, the

extent to which LPOs know the room for maneuver they have in this regard is unclear, though appearing to be much less than it may be as Sida sees it. We have no reports of Sida going to any lengths to inform LPOs actively of their rights and powers in the aid relationship (or for that matter of KTS officers actually addressing LPO empowerment issues directly and actively).

The clue to the relatively limited role of the contract in the cases studied as regards LPO empowerment was summed up by one of our interlocutors as follows: ‘the contract is only an implementation arrangement for the more important letters of agreement which were signed first’. To these Letters of Agreement Sida of course *is* a signatory. It is these Letters of Agreement, more than the contract that, as the LPO sees it, make up the essential paperwork.

The legal conditions of the contracts vary. For example as we were informed by Sida’s Desk Officer for Egypt “The contract between Sweco and RTA is governed by Egyptian law, including Law No 89 for the year 1998 for Tenders and Adjudications ... [as is] the contract between SwedPower and EEHC [Egyptian Electricity Holding Company] will appoint a chairman who is neither Egyptian nor Swedish ... The SSPA/ GOPP, Kvinnoforum/MISA and MEFOS/CMRDI contracts are governed by Swedish law and arbitration should take place in Stockholm”. This evaluation has not been able to establish the precise reasons for this range of practice. It would suggest, however, that they are essentially circumstantial.

While the contract may not always be used to settle conflicts, it does of course, as a project agreement, regulate the roles and relations between its signatories as regards the services agreed and set out in various project documents as well – and may thus help *avoid* those conflicts in the first place¹⁴. All projects under any modality require contracts of some sort. It is rather how these are used or not that makes one different from another, besides matters of sectoral and other specifics, and what role documents of any kind play compared with unwritten practices and relations.

4.4.3 Cost-Sharing

The official view in Sida on the rationale for applying the cost-sharing principle is reflected in its

Contract Financed Technical Co-operation (Sida, May 2000, p.6) where two main objectives of project cost-sharing are outlined:

¹⁴ However, of course we do not know how many disputes, and of what kinds, there have been in total, or how they were approached and perhaps solved.

- If the partner country assumes part of the responsibility for costs, it shows clearly that the project has strong support and high priority in the partner country.
- The requirement for cost-sharing also contributes to promote cost-consciousness in procurements.

Despite these views, however, cost-sharing has not always been applied in the case of Egypt (now, and according to the Andante Report, as ever). Also it emerged from interviews with the Swedish officials in Cairo that cost-sharing is not regarded in itself as a sufficient indicator of commitment on the part of the LPO. Other things are stronger indicators of commitment, such as simple statements to that effect by the concerned parties. Commitment is believed to be much dependent on individuals who believe in the project and its relevance to their organisation, and are willing to take responsibility for seeing it through.

In Egypt, cost-sharing is negotiated with the local partner, according to sector and project without attempting to follow a fixed model or enforcing a specific share in every case, neither for financial nor in-kind contributions. Furthermore, in the energy sector (60% of KTS support in Egypt), where Sida-funded projects have the potential for enhancing generating of revenue and recovering the costs invested in the initial stages of the project, cost-sharing tends to be relatively high (although it is not necessarily the project itself that may generate revenue and recover costs, but the sector as such, as in the case of the electricity sector for example). In ‘softer’ sectors, however, where such revenue is not expected, cost-sharing is even more negotiable as in the gender project, where cost-sharing was almost disregarded in the face of the strong commitment showed by the LPO to this – at the outset – donor driven project. In this particular project several KTS conditions were overlooked. Sida paid for the costs of the Swedish consultant and accepted the LPO’s in-kind rather than cash contribution, both of which are against the KTS characteristics which had been followed in other projects. Because of these irregularities in applying project cost-sharing, it is difficult to calculate with much certainty the actual contribution of the LPO or its value as a percentage of the resources available to the organisation. Table 3 (source: the desk analysis done in Stockholm by Maria Nilsson), serves at least to illustrate the variation in applying agreed cost-sharing across sectors and projects.

Table 3. Cost-sharing in the Visited Projects

Project	Egyptian Share
Mount Attaqa	62%
Temple Study Phase I	32%
Temple Study Phase II	17%
Administrative Control (app.)	20%
Gender	24%
Electric Arc Furnace	30%
Regional Planning phase I	23%
Regional Planning phase II	37%
CMMS phase V	55%

In three of the eight projects, cost-sharing raised a problem for the local partner. LPOs had to spend time and energy convincing higher authorities of the necessity to raise the kind of money required by Sida and securing approvals for budget requests, especially since none of the other bilateral donors with whom these organisations co-operate makes such a requirement. This often caused delays at the start up phase of the projects.

To what extent the figures given in Table 3 reflect more planned than actual contributions is unclear. Also unknown to this evaluation is their significance in relation to the total resources available to the LPOs. Further, only somewhat inconclusive answers were obtained to our questions as to whether KTS had or should have any ideal formula to guide its cost-sharing in quantitative terms (even if a way to calculate such confidently could be devised). Rather than 'sharing', what appears to be involved is more like simply some 'contributing' to costs by the LPO. However, in some of the Egyptian projects considered, such 'contributions' were not 'token' in terms of amounts.

All in all, the evidence we have shows cost-sharing as not being seen either by Sida or any of the other parties in KTS relationships as a good indicator of commitment. In respect of several of its characteristics, and as already noted, the KTS aid form is applied more pragmatically than idealistically, but whether just randomly or systematically is not clear.

4.4.4 Limited Projects

Honouring its characteristic of limited projects, Sida attempts to restrict KTS to short term support. The *Contract Financed Technical Co-operation* document stipulates that KTS projects should be 'organised in such a way that the Swedish support can be phased out as quickly as possible'. Other given reasons for this principle also emerged from some of our discus-

sions: for example that project results could better be achieved by clearly focused short interventions than long.

Yet the findings of this evaluation show that in most cases the de facto degree to which KTS projects are limited in time is low. In general, each project has been divided into and followed up by various phases. In some of the projects visited, for example the Administrative Control Agency (ACA), KTS support to the LPO had been forthcoming for almost twenty years. The energy sector in particular seems to have enjoyed a long co-operation with Sweden. The Computer Maintenance and Management System (CMMS) of the Egyptian Electricity Holding Company (EEHC), has been going for almost 12 years.

The often long relationship between Sida and LPOs – and often, in Egypt, also with their Swedish Consultants – cannot be said to be in contradiction with Sida’s philosophy and guidelines as these projects are still executed within limited short-term phases. One might argue that both parties gain from this two-level arrangement (i.e. long-term relation/short-term projects): Sida sees immediate results of the project, while the local partner enjoys a degree of continuity with the donor, which is regarded as a highly prized element of international co-operation.

4.4.5 Competence

Although it is difficult for us to assess the level of technical and organisational competence of all LPOs using objective indicators, especially when the projects are distributed across a wide spectrum of sectors demanding diverse technical and administrative expertise, in general LPO competence, of both kinds, appears to be medium to high. The same appears to be the case regarding Swedish Consultants.

This evaluation reaches this conclusion, using the indicators elaborated for use in all the country studies in this evaluation overall, mainly on the basis of reading project files but scarcely less so on the perceptions of competence found to be in circulation in the project circles concerned. Notably, very little dissent was found from the opinions in general circulation, so while this evaluation could not probe deeply in this regard, neither did that appear to be necessary.

4.4.6 Sida as ‘Non-implementing Financier’

Sida’s work is officially stated at a general policy level (as in *Sida at Work*) explicitly as both “to strengthen local ownership” and to “exercise control”. Clearly its role at the initial stages of the project is evidently high in terms of its involvement in assessing, approving and, in some

cases, instigating the project. However, this role seems to diminish in the process of actual implementation (represented in Table 4 by the L to M value for LPOs relation with Sida) – except where Sida calls for a special evaluation of a project, different from for example a project end-report. Then, rather than acting in partnership with the LPO, in the ‘exercising control’ mode, Sida becomes the principal mover and, in short, the sole owner to all intents and purposes (even if in some cases the LPO acquiesces in this having read it).

Generally in many projects as regards implementation, the LPO’s and Swedish consultant’s relationship with Sida seem to reduce to formalistic communication and automatic requests for invoice approvals. However, in cases where the implementation of the project becomes problematic and disagreements arise between the LPO and the consultant, Sida’s presence becomes strong again, even, as in one case, to the extent of calling in a third party mediator to advise it. In these particular cases, this involvement was not on Sida’s own initiative, however, but was requested by the LPO and/or Swedish consultant.

It is seen as only logical by the LPO that the financing agency should have an interest in, and be present during, times of conflict to ensure the smooth implementation of work. Some considerable overlap between its ‘hands off’ and its ‘hands on’ stance therefore appears inevitable and, again as seen realistically in Egypt, entirely appropriate. Functionally these stances are not opposites. Rather they are successive, overlapping and competing positions. Certainly the LPO project files seen are full of correspondence between Sida and the LPO. Desk officers and other Sida officials in Stockholm and Cairo appear from such project files as we saw to be more or less constantly engaged in administrative – if not exactly implementation – work, that is management in some sense, perhaps mainly as regards financial aspects, but not only these.

The extent of as it were Sweden’s presence and role, rather than Sida’s particularly, can be seen for example from the terms of the contracts between the LPO and the Swedish consultant which provide for any needed arbitration to be according to Swedish not Egyptian law and procedure.

That no LPO drew this enactment of Swedish power to the attention of this evaluation, though it could be plainly read from all the contracts seen, is itself an indication of lack of attention paid to use of these contracts for empowerment (which is discussed elsewhere in this report, in Section 5.2 below).

This evaluation finds that ‘exercising control’, though it may stem from Sida’s role as financier (or, more properly given the cost-sharing principle, as ‘co-financier’), exceeds the purely financial in terms of content and significance as seen by LPO and consultant alike. As Sida officers see this,

this is unavoidable, normal in aid. Where Sida agrees to be engaged in conflict solving, it undertakes this as what is necessary in the circumstances for a good co-operation, not as breaching the limited role principle – and seemingly with neutral or nil effect as regards local ownership or LPO commitment.

4.4.7 A Note: Selection of Swedish Consultants

In almost all cases, the selection of the Swedish consultant for KTS projects in Egypt by the LPO and Sida is made on the basis of the typically (in this country) long established links between them. This pattern or actual practice was strongly endorsed to us by LPO and consultant alike. Some Swedish consultants are well-established in the Egyptian market and are well-known to many authorities (one for fifty years).

Building on previous co-operation is regarded by LPOs as a key factor for the success of any project in the Egyptian context. The complexity of the Egyptian political system in which projects are implemented requires a deep understanding of this. As pointed out to this evaluation, to have to procure the services of a new consultant would imply unnecessarily investing (or wasting time) in familiarising the new consultant with this knowledge. Also, the LPO satisfaction with the previous performance of the consultant in terms of realisation of stated project objectives is a major reason for the desired continuation of co-operation with the same consultant.

Out of the eight projects visited in Egypt, tendering by the LPO for its Swedish consultant was followed in only one. Requirements for competitive tendering as seen from Sida's official documents and as viewed by Swedish officials in Egypt are very loosely defined. For example, competitive bidding is said not to apply if:

- there is only one supplier in Sweden of the service requested.
- the probable gains of using competitive tendering are less than the costs of the procedure.
- the LPO has established contact with the Swedish party before contacting Sida.

However, Sida reserves the right in the final analysis to make an assessment of the content and cost efficiency of the project.

Any strict application of competitive tendering for KTS projects (according to new rules on exceptions which have now replaced the above for new projects) is seen as disadvantageous to development co-operation both by Swedish officials in Egypt and the Swedish consultants already active in the Egyptian market. Swedish consultants consider competitive bidding as extremely unfair: they invest time, effort, and often money, in

working closely with the LPOs to formulate projects. If competitive bidding means that the project goes to another consultant, many consultants will shy away from investing all this preparatory effort in the market. Both the consultants and Sida think they would lose as a result, especially considering the LPO's preference for continuity. A further difficulty for applying competitive bidding in a way conducive to development co-operation is the reported reluctance and lack of interest of some Swedish consultants to work abroad particularly in unfamiliar markets.

4.5 Eight KTS Projects in Egypt: Some Project Dimensions of Local Ownership.

Table 4 is a summary snapshot presentation of ownership dimensions. As in Table 2, a good deal in Table 4 is based on impressions gathered from interviews. There are also some inherent difficulties of attribution. For example, perhaps the ongoing collaboration between MEFOS and CMRDI in the Arc furnace project is not exactly a 3rd phase, given that previous collaboration between the two parties was completed a long time ago and has no direct relation to their current contract.

Project	Phase	Tendering	Selections of consultants	Ownership					
				Objectives	Formulation	Implementation			
						Relations with Sida	Management	Monitoring	Knowledge Outputs
ACA	7?	N	EL	H	M	L	L	M	H
CMMS	5	N	EL	H	M	M	M	L?	H
Temples	3?	N	EL	H	L?	L	M	H	?
Container	2?	Y	EL	H	L	M	M	H	?
Arc Furnace	3?	N	EL	H	M	L	M	M	H
Attaqa	2	N	EL	H	M	M	H	H	H
Physical planning	2	N	EL	H	M		M	M/H	H
Gender	2	N	Sida	L/M	L	H	M	H	H

Legend: EL: earlier links ?: Categorically or factually difficult to classify
H: high M: medium L: low

4.5.1 Project Formulation and Management

It is clear from Table 4 (which is used throughout this section), that the initial stage of the project where ideas have to be formulated into feasible and cost-effective proposals is the area where the LPO's involvement is the weakest. Our discussions with LPOs, consultants, and Swedish officials alike suggest this. In the majority of cases, although the need for the project was evidently recognised by the LPO, it was not until another party, usually the consultant, stepped in and helped articulate this need, that the project began to take shape. In one case, clearly the project was initiated by Sida.

In a way LPOs' reluctance to come forward with a project proposal reflects a pattern in which they continue to act as recipients of aid rather than partners in co-operation, both in relation to Sida and to the Swedish consultant. (This and other findings in this Section are explored for their broader significance in Section 5.)

The LPO role in project management and monitoring is variable, but in most cases it becomes medium to high. It is noticeable that once the project gets going, the role of the local partner in the actual implementation of the project becomes much more substantial. There is almost no connection between the LPO's original weak involvement in project formulation and the pro-active role it takes later in managing and monitoring the project process as it unfolds. Nevertheless, in the majority of cases LPOs and their consultants work very closely on managing the project, while the LPO often keeps a close watch on and strongly monitors the implementation of all activities.

This evaluation does not find that – in Egypt – the LPO and Swedish consultant tend to unite to form a unit against or opposed to Sida, or that there is any one clear gainer, as against the others, in this triangle.

4.5.2 Demand- vs. Donor-Driven Aid

The present study opts to represent demand-driven projects as an objective of KTS. Therefore it is represented in the KTS characteristics table, albeit in combination with ownership of objectives. This representation is needed in order to underline any cases where projects were not only suggested by, but also pushed and lobbied for, with obvious implications this might have for local ownership, at the outset anyway.

The gender project, which was strongly driven by Sida, clearly matches one of Sida's more recently included criteria for project selection, namely, gender equality, to which the Swedish Parliament attaches special importance. Another such criterion, namely good environmental impact, appears to have proven more elusive for Sida in Egypt, perhaps because of other – much bigger – donor's programmes in the country.

Although Table 4 shows only one case which the evaluation team could clearly designate as not demand-driven by the local partner, but by demand fully created by Sida, the other 7 projects which are labelled demand-driven do not necessarily exclude a strong role played, whether by Sida or (more often) the Swedish consultant, in selecting and formulating and generally promoting the project. Similarly in a sense, the project that was initially undeniably donor-driven eventually by all accounts became strongly locally demanded, indeed highly prized, certainly by the Ministry concerned.

The precise circumstances of the involvement of the various parties at the very earliest stages of applying for Sida's support no doubt vary from case to case. Local ownership however is probably less of an issue, for at least the LPO and the Swedish consultant concerned, than simply getting an agreed application together that is likely to qualify for, in this case KTS support, meeting all the conditions Sida has set. Local ownership is not (explicitly) one of these conditions. It is not evident that any LPO weakness at this stage translates into any later vulnerability, or low ownership, or that what is donor driven is not also LPO demanded. Rather, as discussed elsewhere in this report, what is demanded is to an extent matched with what is considered to be on supply. What goes into the aid application is what is judged to be acceptable – from which conclusions should be not be drawn about the LPO in other regards: that it does not have other priorities; that it does not carefully steer its way between one donor and another; that what is consigned to this evaluation as local ownership is any the less limited because of the active role played by the other parties in the aid relationship to the aid concerned.

4.5.3 Sida as Development Partner

As development partner, Sida is seen to play a role regarding local ownership that, while it could be described as taking steps through KTS to promote this, is not exclusive of Sida (co-) owning the project too. Both the LPO and the consultant tend so see Sida's management role as *both* 'hands off' *and* 'hands on'. It is not seen as contradictory or constrained or ineffective or inappropriate as a result of this duality, which is not as oppositional in practice as it may be – when unqualified by function, etc. – in the dictionary.

Sida also sees itself in its overall role and rationale in aid generally, whether specifically as regards KTS or not, as partner as well as co-financier (with perhaps its de facto support for not limited but series of projects – or phases – well illustrating this). It follows that, in Egypt as perhaps elsewhere, if and where the ownership metaphor can be used to describe aspects of KTS, 'co-ownership' would better describe the mutual commitment and gain that Sida upholds through its aid programme and dis-

bursements. That, further, LPOs state openly that they think it is only right and proper in the circumstances that there should be such a donor's stance is but a further element of the aid scene in Egypt.

So 'strong local ownership' is not a plain part of the actual or intended KTS scene in this country. Indeed, adding 'strong' to the expression 'local ownership' in effect only hinders the endogenous applicability of this concept for understanding KTS in Egypt (where it weakens a rallying of the analysis to co-ownership). What this evaluation finds is co-ownership, normally strong co-ownership as projects unfold (and if they are seen as successful), even if even this shared participation is less strong all round at the outset than later.

4.5.4 Project Outputs

It is interesting to see that regardless of the level of actual involvement of the LPO in the formulation and implementation of the project, the outputs of the project, its end results, are almost always highly appreciated and utilised by the local partner. Even in cases where training and its effects on the LPO could normally not have been particularly visible, the evaluation team found some tangible evidence to this. In the case of the gender training project, for example, the LPO took the initiative to establish a gender unit as a permanent structure within the organisation. Also, the ACA established a new unit for combating corruption based on the knowledge and expertise gained from the training.

The case of feasibility studies is different. For even when the LPOs indicated satisfaction with the output, there was, in most cases, a sense of ambiguity about the future of the project. Moreover, how the feasibility study could be used to complete it especially, accordingly to the short duration principle, considering the absence of commitment of any party to support and see the project through.

In this regard, it is probably necessary to raise a question as to the appropriateness of form and content in KTS as regards the realism of its objective of achieving local ownership, whether the co-operation is well managed or not.

4.6 Concluding Remarks

Configurations of KTS Characteristics

As can be seen conveniently by looking across the columns in Table 2, it is evident that in respect of the features mentioned no two projects have exactly the same configuration of KTS characteristics as they have been applied in these cases. Moreover, even from such limited inquiries as this evaluation could make, it appears that at this project level neither the

general differences throughout, nor the few limited similarities, can be explained by any 'best practice' formula. There are different reasons for each combination of characteristics found at the project level. More at this level of actuality is *sui generis* than not.

Looking now down the columns in Table 2, again we find at least as much differences as similarities, despite the limited degree of thematic consonance that is apparent as well. However, another caution must be entered here: where there is seemingly more similarity than difference is also where, whether for informational or conceptual reasons, the degree of certainty of our scoring is at its most impressionistic.

Dimensions of Local Ownership

Looking across the columns in Table 4, again (as with Table 2) reveals at a glance that no one project, be it seen as successful in achieving the objectives stated in its formulation or not in the phase concerned, has the same combination of qualities as regards local ownership as another. However, though clearly this is an important cross-sectional finding, again not too much should be read into it. In the time available we were not able to establish with any certainty the reasons for each combination project by project, but it was clear from what we did learn that these reasons were not always the same.

Looking now down the columns in Table 4, that is reading it topic by topic (theme by theme) rather than project by project, some near regularities do appear. However, again the precise reasons for these could be established only through a project by project performance analysis (that it was not the purpose of this evaluation to attempt).

Chapter 5

Interpretations and Conclusions: KTS and Local Ownership in Egypt

5.1 Introductory Remarks

One of the main difficulties faced by this evaluation is the invisibility at the local level of the concept of ‘local ownership’ and of KTS as a modality that, seen as an expression of policy, is supposed to promote it. Local ownership as an objective of technical co-operation never explicitly figured out in discussions with local partners, who were more concerned with more immediate and tangible issues such as cost-sharing and relations with consultants, unless we the evaluators brought it up and sought to explore it specifically. KTS as aid-form or modality for technical co-operation was not visible to LPOs either (and for that matter is not an explicit term in the contract, or mentioned in the KTS guidelines made available to applicants). Rather only certain aspects of KTS were visible and were seen as distinguishable components of ‘Swedish aid’, as KTS is known.

Interestingly perhaps above all, the contract, which gives KTS its name is not one of these identifying aspects. Rather, ‘Swedish aid’ is recognised by LPOs in Egypt in terms of its cost-sharing, exclusion of capital aid, and hiring of Swedish consultants requirements. LPOs see all these as demands made by Sida, donor-driven features, Sida’s rules of eligibility for application for KTS assistance, that have nothing to do with local ownership.

To summarise more broadly, four difficulties for this evaluation of KTS and local ownership proved to be that:

- (a) the concept ‘local ownership’ is not stated either in the guidelines for applicants or – apparently – in criteria set for the project evaluations that Sida commissions at times;
- (b) neither the LPO nor the consultant has any perception of the KTS approach as such as one which philosophically (and ethically) is meant – by Sida – to inculcate or strengthen local ownership. Only the indi-

vidual characteristics that make up KTS are visible. Alike to LPO and Swedish consultant, KTS is more or less invisible – non-existent – as an agreed (or for that matter imposed) aid form meant as a matter of policy to support local ownership;

- (c) to enhance local ownership may be a Sida policy exhortation (to itself) but the KTS officials talk about the aid modality they execute as one that comes close to bringing a business-like ethos and results-oriented mode of work to the LPO; and
- (d) consonant with the nature of the aid regime in Egypt, debate and argument about whether aid is ‘donor driven’ or not appears to be far less important to the applicant or would-be applicant than might be supposed from, for example, an empathetic identification with Sida’s declared local ownership philosophy; rather what matters to the LPO is simply meeting a donor’s rules of eligibility where these cannot be escaped.

5.2 The Contract and LPO Empowerment

Unlike as found in for example the Ukraine, where the contract was never used by the client to settle a conflict that threatened to bring project matters to a halt, this evaluation shows that the LPO has actually invoked the contract for this purpose in two cases in Egypt. However, as also noted above, such recourse was not in itself sufficient to settle the disputes between the LPO and the consultant. They called on Sida to intervene and come to their help.

Furthermore, in its current form, the contract still limits the extent to which the LPO and the consultant can settle issues without resorting to Sida. Also, while the majority of LPOs are aware of the contract and the possibility of using it, they do not perceive its intended empowering potential. On the other hand, some of the Swedish consultants interviewed did express the sense of empowerment *they* derive from the contract – which they can resort to in order to refuse any additional tasks that are not included in the contract.

It is, therefore, possible to conclude that the contract has not achieved any mission of empowering local partners. Furthermore, other factors seem to contribute to limiting the empowering potential of the contract, and to inhibiting the sense of local ownership, such as:

- The contract requires that disputes between LPOs and consultants have to be settled by Swedish rather than Egyptian laws. Surely this is in contradiction to the policy aim of empowering LPOs, not least because it puts them at a disadvantage in relation to the consultants who would be more familiar with these laws. This is, by the way, a

practice that appears to be uncommon among other donors, who in this regard therefore may lie closer to empowerment.

- KTS practice proscribes financing local consultants. In effect this diminishes the LPO's sense of control and ownership. In any case, LPOs have limited power of selecting and negotiating with a new consultant, given their insufficient knowledge of the Swedish market.
- Overall lack of knowledge and sufficient understanding on the part of the LPO of what KTS is and of the details that govern Swedish aid and technical co-operation in general is limiting for local partners' sense of equality and hence of ownership.

In short, yes, to cite from the rules of eligibility to apply for KTS, "Sida is not a party to the contract". But it would be specious to argue from this fact alone that the contract is empowering for the LPO. For one thing, as noted, there are other legal agreements about the project concerned to which Sida is party, which are seen probably by everyone concerned as superior, besides this contract itself having to meet with Sida's approval. For another, even if this contract could be used as an empowering instrument, especially if better designed, it could not seriously be expected actually to have this effect unless it was backed by sufficient information and knowledge to give it such power.

Where an LPO has for example argued with Sida that Egyptian law – say about bidding – should be observed, whether this is stated in the contract or not, presumably every effort should be made by Sida to recognise this argument as in fact not a hindrance to planned implementation but a substantive affirmation of local ownership.

As to other aspects than LPO empowerment, of course the contract, along with the other documents signed by whomsoever, is a reference point for all parties – Sida included – throughout, as regulating roles, relationships and expected products, and laying down a sound basis for the planning of implementation.

5.3 Project Cost-Sharing and LPO Commitment

In (some) development theory the cost-sharing principle as in KTS is supposed to ensure the high priority of the project for the partner country, and guarantee the commitment of the LPO, which in turn is seen as a guarantee of local ownership. However, the different KTS parties do not take these premises at face value. For example:

- Some Swedish officials involved in KTS work in Egypt do not regard cost-sharing as a guarantee of commitment, which they view as mainly depending on individuals and organisations who believe in the project and are willing to take responsibility for it. It is on these

grounds that Sida in Egypt explains its flexibility in applying cost-sharing.

- The local partners see cost-sharing as just one of the conditions attached to Swedish support, either to ensure Sida's control over the project or as a way to benefit Swedish consultants. The latter thereby do not have to contribute to cost-sharing – which presumably would have to come out of their profits as commercial actors – but on the contrary have their local costs met by not Sida but the applicant for Sida's support. Such conditionality, in turn, is seen as an inevitable feature of the world of aid in Egypt, not a part of the system that could be challenged.

Despite what is often said in donor discourse about Egypt being a country spoiled for choice when it comes to aid, this sense of power was not felt at the project level. The best example of this is acceptance of cost-sharing despite the presumed possibility of approaching other donors (who, even if most or all do in principle apply some kind of cost-sharing, differ as it were in their generosity in this regard).

Why then do LPOs accept the KTS cost-sharing principle? Two conclusions can be reached. The first is the type of expertise the LPOs get from Sida and the Swedish comparative advantage in certain sectors. The second, and more important, reason is the element of continuity: LPOs prefer to put up with KTS practice on cost-sharing if it means Sida's continuous involvement in the project. Resorting to another donor agency, which might not have the same approach to cost-sharing, for supporting further stages of the project is believed to mean having to redo all the work in order to comply with the new donor's system and regulations.

In the case of the RTA, our interlocutors said that for the construction phase of the project, RTA will request Sida's support. In case of a refusal by Sida, RTA will not approach other donors (for the reason mentioned above), but will have to resort to the government to seek funds, which may not be forthcoming. Hence, the project may be put on hold indefinitely. Similarly, in the case of the Egyptian Electricity Holding Company (EEHC), our interlocutors expressed their need to continue working with Sida, despite the cost-sharing conditionality because of their need to standardise their systems, which have been initiated by the Swedish consultant.

In a way, despite its relative 'smallness' as it compares itself with other donors in Egypt, Sida has its own programme and so to say a captive audience of local partners, which will agree to cost-sharing for the sake of continuity. On the downside, we learned that the cost-sharing principle led to some interesting project proposals being rejected because of the in-

ability of local partners to raise a share of the costs that was acceptable to the donor organisation.

Accordingly, one may conclude that while cost-sharing is not the reason for the sense of commitment showed by LPOs, it has negative ramifications for both parties:

- For Sida, it means that one of its objectives, raising the volume of its development co-operation in Egypt, is restricted by one of the elements of the aid form (KTS), which is supposed to encourage this co-operation.
- For the local partners this means that they are not considered if they do not have adequate resources, even if they have enough commitment to the project.
- That both of these conclusions reflect statements made to this evaluation as well as positions this evaluation has itself come to, suggests that it might readily be widely agreed that cost-sharing is ripe for identification as an area for recommendation and reform (for a number of such areas of consideration for recommendation see Section 6).
- Does having to contribute to costs act as an incentive to their commitment even if LPOs perceive this to be irrelevant? While this evaluation's answer to this question is in the negative, it remains of course that at some unconscious or habitual level this may be the case.

But what the particular relevance of this may be to the specifics of KTS would be difficult to determine if for example applications in Egypt for more or less any foreign aid – if with exceptions that are outside the scope of this study – are required to make a provision for some sort or level of cost-sharing.

5.4 Limited Projects vs. Development Aid Dependency

While the findings of this evaluation show that the de facto degree to which KTS projects in Egypt are limited (where there are several phases) is low, the principle of limited projects in another sense remains a KTS marker (but even so some project applications anticipate in one way or another some follow up). For this reason, and because one of the main findings of this evaluation is that LPOs put great emphasis on continuity, we discuss limited projects against somewhat larger debates in development (as envisaged by our ToR and UTV elaborations on these).

Sida in its stated wish to phase out its involvement in the projects it supports as quickly as possible, shares with various other donors a widely held belief in the aid world: that the principle of limited projects is a

guarantee for reducing aid dependency and is encouraging for what this evaluation addresses as local ownership. What is often overlooked in this regard is that development is a very complex process requiring long-term planning and strategies. The limited-project approach, which most donors promote and adopt, is in fact contradictory to this complexity. It divides intricate problems into isolated and often fragmented projects. Pulling out of these individual projects ‘cleanly and as quickly as possible’ could well mean leaving projects at critical stages and also leaving local partners dependent on other donors, who may or may not wish to pick up the project from where the previous donor has left it. It may be preferred to leave projects uncompleted rather than reinvent the wheel as when a project would have to be started all over again in order to comply with the new donor’s priorities and requirements.

While no individual donor or aid modality alone can be expected to solve large development problems, consolidating resources into a smaller range of projects rather than dividing them among larger number of short projects is more logically likely to effectively promote development, and end aid dependency, in particular areas.

In Egypt, however, there seems to be little specific relation between length of project and a LPO’s sense of power whether over the consultant or in relation to dependence and Sida. Neither does a sequence of limited phases appear to affect Sida’s power in the relationship. Rather what transpires is the inculcation of a microclimate of familiarity and tacit understanding, from which all parties consider they gain.

5.5 Aid Remains Supply-Driven Even if also Demand-Driven

As discussed in Section 4.4.2, it is very difficult within the limits of the present evaluation to find out where the project idea originally came from and, hence, who initiated and first developed it. In most cases, however, it is fair to say that the project idea developed out of close discussions between the LPO and the consultant. However, the level of involvement of the LPO in formulating the project idea does not necessarily say much about which projects are truly demand-driven and which are not. Demand, as we learnt through discussions with different local partners both at the project as well as at higher policy levels, is developed within a larger culture of supply. So even in cases where LPOs actually perceive the project idea, develop it as a project proposal and take the initiative to contact a donor to demand support, the LPO often has in mind what donors are interested in supporting and are willing to supply.

In such cases, demand might not be driven by supply but at least it is geared to meet it. Perhaps particularly in the aid world as in Egypt and elsewhere, supply has a tendency – however ‘unreal’ – to create and sustain – where aid is plentiful – demand for it. Certainly there seems little case to think of supply and demand in this world as opposites or exclusive or excluding positions.

This point is very important to any discussion on local ownership. Although it might not provide instant answers to how to formulate policies enhancing local ownership, it can at least help donors grasp what sometimes seems to them a sense of apathy on the part of LPOs even after the demand-driven principle has been secured. But at the same time, there is a complex set of implications to explore for local ownership unless this is seen, as in this evaluation, as a non-exclusive condition in which several parties may share, where internal needs may require some element of external facilitation to further explore and formulate.

On the supply side, as we have seen, besides the donor there is also the consultant ‘selling’ ideas. Obviously much depends – for ownership – on whether for example a line is crossed by a consultant selling ideas to a client that it does not see as pressing as the consultant says they are, or even coming up with altogether ‘external’ proposals. Broadly, the conclusion reached by this evaluation is that the externality of the idea does not have a negative impact on ownership.

5.6 Results-Oriented Implementation

It emerges from this evaluation that a value is put on results-oriented implementation by *all* parties – the LPO, the consultant and Sida alike and in the case of all three something on which a greater explicit and stated value is put than on local ownership at least when a project has gone well which is the case in the majority of projects seen. Further, it is considered again by all parties as a better indication of commitment on the part of the LPO than for example cost-sharing. This is results-orientation understood as more a practical, than an ethical, concern, and more a matter of management and realism than some ‘higher’ ideal (such as local ownership).

Widely in the aid world in Egypt as elsewhere there is a tendency for the donor to think of its approach as the only results-orientation on the scene, which in principle it non-negotiably imposes on applicants. Accordingly, therefore, it may be apt to make and have unreal expectations, and make exaggerated claims, about the instrumental effects of a particular modality or practice if it thinks of this as a step to changing a national or local culture or approach to aid (a step which when wrapped in a ‘ensuring local ownership’ ideology as it were sanc-

tions this mission). Through the donor misattributing effects of its support, then the risk is that in effect it dispossesses the local partner of its own results-oriented integrity. Any such ‘dispossession effect’ that a well-conducted aid programme may have is unlikely to have been planned to happen. Rather it would be an ‘unanticipated effect’.

Does Sida, through its application and management of KTS, seek simply to engineer strong ‘local ownership’ in Egypt for its own policies (which may represent more Sweden’s than Egypt’s foreign relations agenda)? Does the rationale for KTS that its officers give for it of the ‘simply a tool’ sort more conceal than reveal its true intentions?

This evaluation would respond to these questions that, first, where they are more philosophical than empirical they cannot satisfactorily be answered from just what this evaluation has been able to find as it were on the ground. Second, that if empirically there is more to ‘just practice’ than may appear, at least the application of the KTS characteristics in Egypt is notably flexible. Third, ‘local ownership’ as an embraced or contested ideal is apparently on no one’s practical agenda in Egypt anyway, neither Sida’s nor the LPOs’ nor the Swedish Consultants’.

5.7 The Market-Driven Consultant

For the consultant, KTS is a competitive market-driven opportunity; aid is an opportunity for trade. One objective of this aid form, in a Sida perspective, is that it should make aid more like trade, approximate to ‘the market relations of ordinary business’ as it was put to us in an initial briefing in the Embassy in Cairo. It is a legitimate question to ask which party in the triangle of relations gains most from this objective, and how are the dynamics managed to maximise these gains? Is it the market-driven consultant who gains most from this ‘market’ (precisely because in most respects it is not anyway a competitive market)?

Admittedly this is not an easy question to answer. This is a triangle made up of a pattern of relations not at one moment in time but over a long period. Arguably any one party’s loss means at least less gain for either or both of the others. On one plane, perhaps it could be said that presumably the LPO gains most when things go well (and gains least when they do not), despite this not being seriously measurable in market terms. However, who has most to lose (or gain) must also be brought into the calculation. Is this the donor, the consultant or the LPO?

Sida through maintaining financial and certain other control throughout seeks to make its own gains as when it can report a successful disbursement (especially when this is backed up by good project outcomes). Is a successful disbursement record – especially one achieved by ‘hands off’

cost-effective administration – to be ranked in an evaluation more highly as a gain than the contract secured by a consultant for services rendered? Or than an LPO which achieves strategic as well as immediate gain from a successful project?

Such questions may at least usefully help frame some discussion of whether the market driven Swedish consultant in Egypt in effect weakens or strengthens LPOs local ownership.

The principal conclusion this evaluation reaches as regards the role of the Swedish consultant, however, is that neither the LPO nor Sida see this as anything other than integral to the aid and project process considered as a whole. Yes, fees to foreign consultants are high, yes, unfortunately KTS funds are not made available for local consultants to be hired (at lower fees), but no, this does not mean that the boat is driven off course thereby. Rather, as the LPO sees it, it is part of the price that the donor appears willing to pay for its aid.

5.8 Sida as Principal Party

Part of the historical complexity of the story of KTS in Egypt at least is that, as an experienced representative of a major Swedish consultancy company in the country noted (SWECO, the consultant for 3 of the 8 projects this evaluation visited), since Sida replaced BITS in fact it has played an ever more ‘hands on’ role than earlier, giving as an illustration of donor control Sida’s recent and current expressions of support for competitive bidding for procurement.

It underlies all the findings of this evaluation of the KTS scene in Egypt that, though it is not stated in the contract that gives KTS its name, the principal party to this aid is Sida. This principal role is reflected in Sida’s involvement and participation in the different stages of the project, as well as the degree of power and control it exercises over the various aspects of development co-operation, both in general and regarding the projects executed within the limits of this co-operation. Further, in Egypt this central role of Sida is seen by the LPO as being only as things should be, given that Sida pays for everything – save the part paid for by the LPO – as the principal financier. To this extent, neither LPO nor the consultant would agree that Sida’s stance is ‘hands off’, that Sida is entirely out of ‘the driving seat’, or, again, ought to be.

Despite the difficulties involved in the conceptualisation of ‘local ownership’, one can conclude the presence of a strong sense of ownership in all eight projects, reflected in the LPOs’ commitment to and responsibility for their projects. Also, LPOs show some sense of control over the projects in certain instances. But then the overall sense of ownership this

evaluation finds cannot with any certainty be attributed to KTS as a co-operation modality. The LPOs sense of commitment and responsibility is not the consequence of applying cost-sharing or the use of the contract, or other KTS characteristics even if they may enhance or underline it. Moreover, this is a conclusion shared with this evaluation by all LPOs, all consultants, and even some interviewed Sida officials.

5.9 Concluding Remarks

KTS: One Modality and Multiple Perceptions

Although most KTS characteristics are well known to all three parties which form the KTS triangle in Egypt, one of the main conclusions of this evaluation is the lack of a shared understanding of what KTS as development policy is. Consultants, for example, regard their work within the framework of KTS as normal business opportunity with the usual balance of advantages and disadvantages that is involved in any commercial arrangement that is not necessarily born out of the KTS modality (apart from, as we were told, as a paymaster an aid agency will not go bankrupt and renege). However, from LPOs in Egypt we learned that KTS is just ‘how Sweden does aid’.

To summarise, in a crude way we might say that while Sida at some levels attaches equal significance to the process of co-operation as well as its outcome, both LPOs and consultants regard the outcome as the main focus of co-operation. This LPO and consultant perspective is only encouraged where it is perceived that, despite its discourse of partnership and local ownership, Sida appears less interested in building lasting international relationships as a principal objective of KTS (twinning perhaps has such ambition) than in undertaking honourably limited and just technical involvements.

KTS as both an Expression of General Sida Development Policy and an Approach to Individual Projects

In some expressions of general Sida policy, local ownership is expected to be ‘strong’ in KTS projects though influenced also by other factors altogether, including those in the local and national context unrelated to aid. However, a tension has emerged in this study about KTS as an expression of general Sida policy about good development co-operation and ownership, and as a particular instrument to achieve it given that the policy objective – local ownership – is not explicitly stated as an objective in the instrument – KTS.

When presented – and justified – as ‘just one of the ways in which we give aid which your evaluation ought not theorise too much’, KTS as it is actually carried out in Egypt is seen by its officers however not only as less

about general policy, and more about individual projects, but also as something as it were in-between, namely ‘our actual practice’.

It is this ‘actual practice’ on which this evaluation has focused, finding it perhaps less reflective (say as regards local ownership) than may have been imagined, and less negotiated than perhaps would be desirable (given that LPOs are called partners). At the same time, however it may be contrived to work, KTS in Egypt is neither particularly visible nor contested as actual practice – there are differing views only about its individual components – nor seen as awkward or unsuccessful in terms of either bringing in the wrong consultants, or for other reasons being associated with poor projects.

KTS: Conflict between Characteristics and Objectives

One can argue not only that there is no evident relationship between KTS and creating a sense of ownership in the case of the eight projects in Egypt, but also that some KTS characteristics and practices are not conducive to local ownership and the type of international co-operation the KTS is supposed to support. One example, which all parties agreed might be threatening to KTS objectives, is the principle of competitive bidding, which is now under active discussion and expected to be enforced in the near future. Also, the content of KTS supported projects is not always ideally suited to achieve optimal levels of local ownership. The outputs of training programs and feasibility studies can have, as we have seen in some of the projects, decisive influence on the LPO and its way of work. However, feasibility studies in particular are more or less ‘projects-in-waiting’, incomplete undertakings that have yet to be seen through.

The waters are muddied further for deciding in the world of aid which outcomes or results can be attributed to what modality when a donor seeks multiple objectives by even a single aid approach, form or modality. But where there is such a mix of objectives, even a reasonable degree of clarity – and visibility – in stating them, and the aid modality involved, does not obviate them conflicting as well as perhaps being complementary.

Final Remarks: KTS, Context and Local Ownership

Finally, some remarks by way of a brief overview of KTS, context and local ownership in Egypt. Above all this evaluation finds the KTS characteristics to be applied in this country – as others – with practised flexibility and adaptability. As a deliberate and preferred means to an agreed and clearly defined end? No, it is the view of this evaluation. To a large extent Sida implements this means, comprising a collection of individual components each with its own rationale, for its own sake, that is as a means that is an end in itself because it is expected and believed to

achieve good project outcomes in terms of the objectives set out in letters of agreement, contracts, and other documents. This evaluation therefore proved to be one of a sum that is somewhat less than its – notably discretionary applied – parts.

As regards the central concern of this evaluation, local ownership, KTS officers in Cairo and Stockholm alike keenly denied that it was any purpose at all of KTS to achieve this. Throughout then this evaluation has found a puzzle. Despite local ownership appearing for example in *Sida at Work* as a concern and goal of Swedish aid, and its reference to KTS as a chosen means to this end, those responsible for administering this modality say plainly that they do not use KTS as an instrument to reach this goal. Only this evaluation was talking in Egypt about local ownership, otherwise as it were on the ground in Egypt simply it was not on anyone's agenda, entirely absent from discourse about Swedish aid and development on part of the KTS officers, the LPO's and the Swedish consultants contacted.

Still as regards local ownership, the closest idea to this that does appear in the KTS lexicon is the 'competence' on the part of the LPO to as it were to own itself and its project that is one of the eligibility criteria for this mode of aid. This is why this evaluation finds KTS in practice more to select for, than result in, something like local ownership. But even this would be somewhat to overstate the case. Recognition of competence may act in some ways to strengthen it when such recognition is matched by actual support. And if a project goes well in respect of achieving its stated performance objectives, what at the initiation of the aid process existed to some extent could well end up qualitatively, as well as quantitatively, enhanced and clearer due in part to the opportunity enabled by the support for this.

This evaluation concludes that in the majority of the cases of the projects Sida's initial judgements as to competence of the other two parties in the triangle proved well judged (so in this respect Sida too acted competently). This, however, obviously is not at all the same thing as attributing all of this competence/ownership on the part of the LPO (or for that matter the Swedish consultant) simply and solely to this aid modality. Moreover, where competence/ownership is an attribute in practice that has more to do with individuals – such as project champions – than organisations – such as departments or ministries^c – there is further ground to be very cautious in attributing much by way of efficacy (or equity) to an aid modality. The dynamics of such individual leadership may be rooted as much – or more – outside the aid world as within.

Is KTS in practice in Egypt a means if not to an end then at least to a (national) context? No, because (once it has been decided to apply KTS in a

country) the operative elements of context are what are perceived – by the KTS officers concerned – to be auspicious circumstances and personalities, not levels of national income, kinds of political economy, or whatever. Context again in this operative, practical, sense is whatever is in the eye of the beholder, not rank in a development league table of nations.

Probably what matters most in the way that KTS is actually applied in Egypt for local ownership is the *de facto* long duration of the aid given over spans which considerably transcend the lengths of individual projects or phases supported, and continuity of both LPO and Swedish consultant over this duration. The relationship that – when projects go right – is thus built is itself a major contribution to strong LPO ownership the non-exclusive sense of co-ownership, whether there is particular LPO empowerment or not through the contract.

As to the importance of the contract in KTS, this evaluation finds this to have been greatly over-rated as a determining factor, whether of empowerment or simply regularisation of roles and responsibilities. It is seen as one of the key documents involved, but, first, as only one of these, second, as important as for instance the letters of agreement (which are signed by Sida), and third, customary are more significant than contractual relations anyway.

As for the demand versus donor driven issue, we found that even if a project is clearly donor defined and induced at the outset, it may end up as being driven – and esteemed – as much or more by the LPO (and the Swedish consultant) than Sida. The adage ‘it takes two to tango’ – or three in the case of KTS – applies.

Perhaps Sida will find the most controversial finding of this evaluation to be the very limited significance it – this evaluation – finds as regards cost-sharing for local ownership. It emerged that while this significance is not necessarily always nil, it is much less than that say of the KTS characteristic that aid in this modality should be confined to technical assistance and not include also material goods or capital investment. Probably also that KTS does not supplement project personnel salaries is another important feature in this respect. But there is no finding either that cost-sharing has negative effects (except where it screens out projects that otherwise would qualify), or that where, once signed up to it does come to represent an obstacle, it is not beyond the wit of the persons concerned to find (perhaps undercover) ways and means of finding practical remedies.

Finally, we have found ownership (even in the co-ownership sense as in this study) to be neither an accepted policy purpose of KTS nor a very descriptive or discriminating – or useful – metaphor when it comes to considering individual projects (is this why we found it not to be used/

said in Egypt by anyone?). KTS aid in Egypt is there to be applied for by organisations seen – by Sida – to have the capacity to use it to begin with and if they meet other eligibility conditions – all set unilaterally by Sida. Projects once they start – which tends we learned in Egypt to be slow compared with certain other countries in the region – are judged by all the three parties to them according to whether they are succeeding or not in meeting their project objectives, negotiated hard as these may have been at the outset. These results-based objectives do not include ownership, by any party in the triangle. So to what extent a focus on ownership is a strategic one for understanding how KTS works in practice in Egypt is arguable anyway.

Chapter 6

Areas for Consideration and Recommendations

6.1 Introductory Remarks

In this final Section we conclude this evaluation by identifying some areas for consideration for kinds of recommendation where, whatever other objectives it may seek to pursue at the same time, Sida seeks through (a) either to put a strong emphasis on local ownership or at least not ignore or undermine this, (b) to act clearly and cogently in respect of this through the KTS modality, so that it can best fit the objective of local ownership (seen as non-exclusive of the mutual gain that Sida and at least some LPOs also expect).

That a donor should have mixed policy objectives is, of course, normal in international relations. Sweden is not exceptional either in having them or in going about achieving them sometimes through even the same financing instruments and projects. Neither is it exceptional that, in particular areas, there tends to be more opaqueness than transparency in addressing what such a mix involves.

The premise of particularly this concluding section of this report is that, especially given this evaluation's strong finding that the KTS officers involved for Egypt state that they do not seek to support local ownership through this modality, at least for the purposes of this evaluation, transparency has more to offer than opacity.

6.2 Visibility of the Modality

The fact that KTS, as a form of technical co-operation, is invisible to the LPOs logically means that its objectives and the philosophy behind it are also invisible to them. Invisible objectives, to push the argument a step further, are not easily achieved where such achievement depends on not just the donor's commitment to them but the partner's as well.

Sida therefore could only gain, regarding such partnership, from taking a pro-active role in explaining to the LPOs what it wants to achieve using KTS, and explore ways to involve LPOs in fully sharing this goal.

6.3 Combining KTS with Other Modalities

A further possible area for future consideration by Sida is how to match as fully as possible the content of KTS to its objectives, and an approach that would link KTS projects with other forms of support, such as investment, whether in direct or indirect combination. Arguably it is already advantageous for such a combining that present KTS practice in Egypt is notably flexible as regards the application of its existing characteristics.

6.4 KTS: Multiple Policy Objectives

Like other donors and aid modalities, Sida – and KTS – have multiple policy objectives which overlap and somewhat conflict with, as well as complement each other at general and particular levels.

More clarity and cogency could come from explicit acknowledgement of this multiplicity, and perhaps from the establishment of a hierarchy within it. Different standards should be developed to assess whether the different objectives have been achieved, and which cost the achievement of any one may represent to any other. Local ownership is a poor conceptualisation of, for example, the mutual gain that Sida and Sweden seek from KTS (and perhaps from all development aid).

If no single slogan-type conceptualisation could be found to suit all these objectives from the current array, another should be sought – and negotiated with all parties. ‘Ownership’ may or may not emerge from such a negotiation to serve as commonly rallying point (even in its ‘co-ownership’ form), given that this evaluation has found this to be low in descriptive, denotative, content (is ownership in any of its versions a better metaphor for aid philosophy than rationale and policy for KTS – and possible other – aid practice?).

6.5 Cost-Sharing

This evaluation has found no necessary connection between cost-sharing and local ownership, or even successful projects, and widely different views on this KTS principle anyway. The different parties’ assessments of the role played by cost-sharing in development co-operation appear to amount in Egypt to the view that cost-sharing is more limiting to technical co-operation and the possibility for its growth than conducive to its objectives.

Cost-sharing, therefore, requires fresh consideration from Sida as a principal KTS characteristic and as a selection criterion for potential projects.

6.6 Competitive Bidding

Tendering for consultants is normally not actual practice in Egypt (it occurred in only one of our eight projects). Little if any support was found by this evaluation in Egypt for the concept of competitive bidding on the part of LPOs and consultants

– and sometimes also Sida – in actual practice. Instead, what the KTS guidelines call (but do not define) “trustful co-operation” is sought as the de facto norm. Little to no support for the idea of competitive bidding was expressed to this evaluation by any of its interlocutors.

A key issue emerging therefore is whether – under whatever rules, be these Scandinavian or European – the area of procurement for ‘development assistance’ should be exempt from what in effect would be normal competitive and market-oriented business or trade, especially given the view about KTS that it is market, not state, oriented, a diminishing of the ‘unreal’ world of aid in which otherwise only virtual reality rules.

6.7 Local Consultants

The KTS approach excludes paying the fees of local consultants (though this was done from the outset in the case of one of projects visited, and eventually in another). Other donors than Sida interviewed, professing a similarly high orientation to both results-orientation and ownership, do not limit their support to approved projects in this way. Sida’s rationale for so doing relates to the Swedish notion of development aid as transfer of Swedish experience.

As regards local ownership, given that results-oriented attitudes to projects are as strong on the part of the LPO as the donor (and consultant) as reported in this evaluation, it would obviously be to the advantage of clarity and cogency for KTS aid not to be denied to local consultants where, for example, this would maximise the realisation of this objective.

6.8 The Contract

The evaluation has shown that the presence of the contract as a central feature of KTS has not resulted in LPO empowerment even in situations when it actually used the contract during the implementation of the project.

If at least one purpose of the national/local contracting for consultants’ services is to empower the LPO, clearly therefore there are factors in the

political culture of aid in Egypt that need stronger policies and intervention to give local partners a stronger sense of their role in control over the process of co-operation than simply the present form of this contract.

6.9 Implementing Style

The implementing style adopted for an aid programme and its instruments can strongly influence outcomes.

KTS is presently implemented in Egypt flexibly, with at the level of practice some characteristics being waived in individual cases without this appearing to have dented anticipated outcomes in any way. There may be a case therefore for some policy to be developed as regards such waivers.

6.10 Other Donors

Sida is one donor in Egypt with what it terms a demand-driven, not donor-driven (nor consultant-driven) commitment, and a modality meant to ensure this. However, even a cursory acquaintance with other – for example ‘like-minded’ – donors in Egypt reveals for example that cost-sharing is not a Swedish practice alone, neither even a contract for consultancy services that is signed not by the donor but the LPO. Indeed one view expressed to us by one of these other donors as regards the Swedish policy of paying the Swedish consultant, admittedly on the advice of the LPO, directly was that this fell short of that other donor’s own ‘full surrender’ to what it termed – perhaps influenced by this evaluation – local ownership.

It was not the purpose of this evaluation to compare one donor with another. Nevertheless, it would support a case to follow up this evaluation with a comparative inter-donor study to explore for example how local ownership objectives in the practice of one donor might be usefully harmonised with those in another’s.

References

Andante Consultants (1996) *A review of the programme for technical co-operation*. Stockholm: Sida (mimeo).

Sida (1998) *Sida at Work*. Stockholm: Sida.

INEC (2000) *Contract Financed Technical Co-operation*. Stockholm, May 2000: Sida (mimeo).

Annex 1

Our Interlocutors

I. LPOs

- Hydro Power Plants Executive Authority (HPPEA):
Eng. Mohamed M. Abd El-Monem, Chairman
Dr. Mohamed El-Gazzar, Vice Chairman
Eng. Ibrhim Hussein Saleh, Sector Manager
Eng. Ramadan A. Mohamed, Managing director of projects
Gamal Said, Geologist
- General Office of Physical Planning:
Consulting Arch. Shawqi S. Hassan, Vice Chairman
Mrs. Madiha Mahmoud, Project Leader
- Central Metallurgical Research and Development Institute (CMRDI):
Prof. Adel Nofal, President
- State Council for Antiquities:
Gen. Nader Abd el Wahab
Mr. Kamel Luis
- Egyptian Electricity Holding Company:
Eng. Kamal Wali, Head of Central Department of Human Resources and Training
Eng. Gamal Lamy
- Ministry of Social Affairs:
Amb. Ahmed Abulkheir, Advisor to the Minister
- Administrative Control Agency:
Gen. Hitler Tantawi, Chairman
Gen. Shafik Shawki, Chief of foreign co-operation
Gen. Samir Mohame, Head of Training Sector
Mr. Mohamed Gamal, Planning Sector
- River Transport Authority:
Eng. Samir Tawfik Ibrahim, Chairman

Ministry of Foreign Affairs:

Amb. Ahmed Maher, *Ministre Plenipotentiaire*

Mr. Abou Bakr Hefny, *Counsellor*, Office of the Minister of State for Foreign Affairs

II. Donors

- Embassy of the Netherlands:
Mr. Peter M. Flik, Head Development Co-operation
- UNDP:
Mr. Amin El Sharkawi, Assistant Resident Representative Team Leader
- Royal Danish Embassy:
Mr. Poul Nyborg, Minister Counsellor
Mr. Martin Mikkelsen, Counsellor

III. Consultants

Bror-Erik Sköld, Senior project Manager (MEFOS)

Harry Johansson, President (BACT)

Kjell Lindblom (Swedpower)

Per-Olof Johansson and Bengt Hallmans (Sweco)

Hans Jelf and Björn Bengtsson (SIPU)

Björn Kvist (Sweco)

Bam Björling and Sherin Abdel Hamid (Women's Forum)

Jan Erik Janson (Sweco)

Eric Burström (MEFOS)

Magda Houta (Sweco, Cairo office)

Annex 2

List of Questions Used as Guidelines for Interviews

The following schedule of questions guided the interviews successfully enough, and for this reason is provided here. However, except for the opening section, entitled 'General', questions were taken in no particular order.

General

Evaluators' opening statement.

Please describe the project and its history (inc. the history of the relationship with Sida and the consultants).

What are your own personal involvements and your interests in the project?

What was the problem that this project was expected to help solve? Whose problem was it? What was the Swedish contribution to the solution of that problem?

Priority of the Project, Stakeholders

What are the main functions of your organisation, and its priorities?

What are the relations of the project to the rest of your organisation?

How important is the project within the context of your organisation?

Who are the other stakeholders of this project (individuals or organisations), what is their role or interest, and who should we meet?

Demand-Driven Nature

Who had the initial idea that ended up in this project? Who developed that idea into a project proposal? Who supported or opposed it?

Did you request the project? What sequence of events led to the request? Was there interaction with Sida before the request was formally made and, if so, what? And with Swedish consultants?

Did the request include a reference to your organisation's needs and priorities? How high is the priority assigned the project in the request?

Why did you ask for Sida support? Were there other donors you could have asked? Why Sida?

If Sida had said 'No' to your request, what would you have done about your problem?

Training and Capacity Building

Sida describes all projects of this kind as projects involving transfer of knowledge. What kind of transfer of knowledge took place? What knowledge was transferred? In what form did this transfer take place?

What effects did this transfer of knowledge have in terms of development of knowledge of individuals, in your organisation? And in other organisations?

What impact did this project have in terms of development or change in your own organisation? And in other organisations?

How has your organisation found the task of managing the contract with the consultant? Had you done this kind of thing before? Did you learn anything with it?

Contract, Contract Management and Role of Sida

Could you please give us a copy of the contract, and of the Sida letter of agreement?

What are your main rights and obligations according to the contract? And the consultant's?

Are there areas of indefiniteness in the contract? Have they led to any conflicts?

Please describe the relationships between you, the consultant and Sida in relation to this project. Did these relationships change with time?

Did you manage the contract with the consultant yourselves? What was your experience with this contract? Were there any problems, disagreements, etc., with the consultant? How were they solved, and by whom?

Who were the people from your organisation involved in the project? Who was the project manager from your side? Who else was involved, what was their involvement, what roles did they play?

What role did Sida play? Was it ever asked to intervene in your relationship with the consultant? By whom? What role did Sida play then?

Swedish Consultants

Are the Swedish consultants involved in the project a private company, a public agency or a hybrid form of organisation?

By whom was the consultant selected? How did the selection process develop, who played what role in it? Had the consultants had contact with you in previous projects?

How important is the project for the consultants, in commercial terms?

How do you rate the expertise of the consultants? And how do you assess their role and their commitment?

Was this the best consultant you could have had? If not, could you have had better consultants? Do you know other consultants capable of carrying out the same or similar (or better) work, and how would their costs compare with those of the consultants you had? From where are these others? From Sweden, from elsewhere in Europe, from this country, this region, elsewhere?

Cost-Sharing

How is the cost-sharing principle applied in this project? What costs are borne by you, what proportion do they represent of total project costs? How high a proportion do the costs borne by you represent of your current and development expenditure budgets?

Did you have any objections to cost-sharing? Was there a negotiation concerning cost-sharing? What took place during the negotiation? Have the undertakings concerning cost-sharing been honoured with no problems, or have there been problems?

If there were problems, did they concern the failure to pay for certain items, or delays in payment? What caused them? Were these problems resolved, and how?

What do you feel about cost-sharing? Is it useful, indifferent, or a nuisance?

Limited Projects

Is the project standalone, or is it part of a larger programme or sequence? How long have you and the consultant been working together?

What are your expectations concerning a continuation of this project, or another project in the same or in a different sector, and continuing funding by Sida? Have your relations with the consultant been influenced by these expectations, and how?

How do you regard the principle of limited projects? Do you consider it primarily a device for introducing flexibility in an uncertain world, or as a requirement aimed at strengthening ownership, or just as a useless and annoying rule?

Competent Partners

Who are your organisation's technically most competent staff? Are they able to handle everything that technically your organisation requires of them?

Have you had any bottlenecks to worry about that have affected your organisation's performance?

How do you rate your own technical competence as an organisation, in the national context? And compared to the consultant's?

How dependent were you on this project? If the project did not exist, how would your organisation manage?

Annex 3:

Terms of Reference

For an Evaluation of Contract-Financed Technical Co-operation and Local Ownership

1 Background

Contract-financed technical co-operation (KTS) is one of the aid forms used within the Swedish development co-operation for technical assistance. The purpose of the support through KTS is to mediate knowledge (development of knowledge).

One of the most central features of the aid form is that local ownership is expected to be strong in KTS projects. The essence of KTS is the contractual arrangement, which sets the division of responsibilities and roles. An actor in the partner country (not a private firm) contracts a consultant for some kind of technical assistance. Sida finances the contract between these two actors. However, Sida does not have a contract with any of the two actors. The idea is that the relationship between the local partner and the consultant as much as possible should resemble a "normal" market relationship between a buyer and a seller. Sida should only act as financier and mediator and should interfere marginally in the management of the project.

There are a number of factors, characterising KTS, which support the division of roles and responsibilities set by the contractual arrangement. To guarantee that projects are supported and prioritised by the local partner, and thus that the local partner may be expected to take on the responsibility for the projects in the short and long term, KTS projects should be demand-driven and cost-sharing should be applied. Further, the partners should be competent enough to take on the responsibility and also to benefit from the technical assistance. To make it possible to withdraw the Swedish support as early as possible, and thus avoid aid dependence and ensure a continued strong local ownership, KTS projects should be limited in time and financial volume. Hence, the local partner may not count on being supported for several years ahead. This may be expected to create incentives for the local partner to assume ownership. The aid form is also characterised by the fact that the consultants normally are Swedish.

The characteristics of KTS, apart from the contractual arrangement, seem to be applied in a flexible way. That is, the characteristics are adjusted to the local con-

text, i.e. the means¹ of the local partner and the institutional set up on organisational as well as national level. This flexibility is perceived as imperative by the departments at Sida working with KTS.

KTS is assumed to be applicable only in certain countries and not in traditional partner countries, most probably due to the competence requirements on the local partner but also due to the fact that the specific appropriation of KTS² has been reserved for some 30 countries, which are not traditional partner countries.

2 Reason for the Evaluation

First of all, an overriding evaluation of KTS has never, apart from a comprehensive study in 1996³, been conducted. Hence, the positive relationship between KTS and local ownership is assumed but not certified giving rise to questions such as; what is the de facto relationship between the characteristics of KTS and local ownership? Does strong local ownership characterise KTS projects? Lessons about the relationship between the characteristics of KTS and local ownership, are of interest not only to the departments working with KTS but also to Sida and development co-operation in general, as the characteristics are also used, separately, within other aid forms and methods at Sida with the purpose of furthering local ownership. Further, there is an increased interest, at Sida, in roles and relationships between the actors in development co-operation in general and in Sida's limited role in KTS specifically.

Secondly, given the flexibility, there are questions about how the characteristics should be applied in different contexts to best support the intended division of roles and responsibilities and in which types of partners/countries that KTS may be applied.

Thirdly, the interest in KTS has increased within Sida over the last years. However, at the same time there is uncertainty within Sida as to what KTS stands for. The definition of KTS is based on the characteristics. However, as the characteristics are applied in a very flexible way, it is difficult to define what support should be labeled KTS and what support should not.

Finally, Sida is currently developing an overriding policy for KTS, into which the evaluation may feed-in.

¹ Knowledge, competence and resources.

² The specific appropriation is abolished as from the financial year 2001.

³ "Översyn av tekniskt samarbete", Sida, INEC, 1996

3 Purpose and Scope of the Evaluation

The purpose of the evaluation is to assess local ownership in KTS projects and to study the application of the characteristics of KTS. Further, the purpose is to discuss the relationship between these characteristics and local ownership in different local contexts⁴.

By fulfilling this purpose the evaluation should contribute to:

- Sida's management of KTS by identifying lessons about a) how the different characteristics can/should be applied in different local contexts to best support local ownership and b) the requirements on the local context for KTS to be applicable;
- increased certainty within Sida as to what KTS is;
- lessons about within which countries and with what partners KTS can be applied, e.g. whether KTS is applicable in traditional partner countries;
- Sida's learning about roles, relationships and ownership in development co-operation;
- Sida's overall work to support and strengthen local ownership.

See further, Section 4.4 "Recommendations and lessons learned".

Field studies shall be undertaken in the following seven countries; Lithuania, Ukraine, Mongolia, Egypt, Guatemala, Botswana and Mozambique. These countries are selected for the following reasons:

- *Lithuania* and *Ukraine* are selected to represent Eastern Europe, which is one of the two broad groups with which Sida has KTS co-operation. Ukraine and Lithuania further exemplify different local contexts regarding e.g. how far the reform process has come, institutional strength and level of development.
- Mongolia, Egypt, Guatemala and Botswana represent countries managed by INEC/KTS⁵, the other of the two broad groups with which Sida has KTS co-operation. These countries are selected to represent different geographical regions, i.e. Asia, Latin America, North and Sub-Saharan Africa. Further, these countries exemplify different local contexts and different KTS-histories. *Egypt* is a traditional KTS partner country with a KTS-history since the 1970's. *Mongolia* is a quite new KTS partner country, where the preconditions for co-operation differs compared to Egypt. *Guatemala* is interesting as Sida not only uses the KTS-form within the co-operation but also other forms and methods. *Botswana* is selected to represent a country that has developed from being a traditional partner country to becoming a KTS partner country.

⁴ With local context we refer to the rules and norms within organisations but also to those on the national level.

⁵ Department for Infrastructure and Economic Co-operation (INEC), Division for Contract-Financed Technical Co-operation (KTS).

- *Mozambique* is selected to represent a traditional partner country. The consultants shall conduct in-depth studies of a minimum of three projects in each country. The in-depth studies may possibly need to be combined with desk studies, queries and/or other methods in order to cover a larger population of projects. The consultants shall conduct the selection of projects during the inception phase. The projects selected should be of such character, regarding financial size, length in time and type of project, that ownership structures are possible to trace. In selecting projects the consultants should, as far as possible, cover different sectors and both urban and rural based projects. Sida is to approve on the selections made.

The scope of the project selection will differ from each country, depending on the size of the KTS support. In Guatemala and Botswana, there are only a few projects (approximately 5) to select from. In Mozambique there is only one KTS-project, hence, this field study will be limited and should preferably be combined with the field study in Botswana.

4 The Assignment (issues to be covered in the evaluation)

The assignment is divided into three parts:

- 1 Development of working definitions and indicators of ownership and the characteristics of KTS;
- 2 Assessment of local ownership and study of the application of the characteristics of KTS and their relationship to local ownership in different local contexts;
- 3 Discussion about a possible definition of KTS.

4.1 Development of Working Definitions and Indicators

4.1.1 Ownership

The consultants shall develop a working definition of ownership taking Sida's definition as a starting point, and also consider UTV's⁶ discussion/elaboration of the concept, see Annex 2 and 3. According to Sida, ownership in development co-operation goes further than the legal definition of ownership (see Annex 3, page 3). The meaning of this is however unclear and should be discussed by the consultants. Further, the consultants should consider the discussion on possibilities, rights, means and obligations in Annex 2.

4.1.2 Indicators of Ownership

Based on the working definition of ownership the consultants shall identify indicators of ownership that are applicable to KTS.

⁶ UTV stands for the Department for Evaluation and Internal Audit

4.1.3 The Characteristics of KTS

The consultants shall develop working definitions and, if deemed necessary, indicators of the below listed characteristics, to be used in the evaluation.

- Contractual arrangement;
- Sida's limited role;
- Demand-driven approach;
- Cost-sharing;
- Limited projects;
- Competent partners;
- Swedish consultants.

It may be difficult to give a precise definition of some of the characteristics. In such cases the meaning of the characteristic should be discussed as well as its importance to KTS.

4.2 Study of the Relationship Between KTS and Local Ownership

4.2.1 Stakeholder Analysis

In order to identify relevant stakeholders to consult, the consultants shall carry out a stakeholder analysis. The consultants shall identify the different actors involved in the different stages of the project on all three sides; the local partner, the consultant and Sida. The consultants shall, relating to the discussions in Annex 1, page 6, and in Annex 2, page 3, specifically consider whether there are several stakeholder groups on the side of the local partner and thus several possible local owners.

4.2.2 Study of the Application of the Characteristics of KTS and of Local Ownership

The consultants shall assess local ownership and study the application of the characteristics of KTS in the selected projects. Further, the relationships between the characteristics of KTS and local ownership in different local contexts shall, as far as possible, be assessed. The main questions to be answered are: does strong local ownership characterise the selected projects? How are the characteristics applied in different local contexts and what are the implications for local ownership? Related to the former question; how important are the features of the local context, e.g. the capacity of the local partner, to local ownership and thus to the applicability of KTS?

The consultants should possibly also assess the importance of the character of the projects to local ownership (see further page 6).

The questions specified under each of the below listed headings are to be seen as suggestions on the kind of questions that will have to be answered.

Local Ownership

Whether the selected projects are characterised by local ownership or not may be analysed through studying the ownership structures of the projects, i.e. the de facto division of responsibilities between the actors in the co-operation. This requires analysis of actions taken by the different actors, the roles the actors take and give to the others as well as the relationships between the different actors. Who takes what decisions? What are the different actors actually held accountable for? Who do the actors turn to when difficulties/problems arise in the project? Who do the different actors perceive as responsible? What do the different actors perceive themselves to be responsible for?

The consultants should take into consideration that the roles and relationships may change over time, thus, that the ownership structure may change as the project proceeds.

The Contractual Arrangement

The formal contractual arrangement shall be studied by the consultants. What does the formal relationship between the actors look like? Who has got a contract with whom? What formal rights and obligations do the different actors, primarily the local partner, have? Who is formally responsible for what? What is each actor formally held accountable for? What does the contractual arrangement, i.e. the formal division of responsibility, imply for local ownership, i.e. the ownership structure? What enforcement mechanisms are there?

Sida's Role?

What role does Sida take in the different stages of the project; initiation of the project, contracting of the consultants, management of the project etc.? What does Sida's actions and roles imply for local ownership? What does it imply for the local partner's possibilities of and/or interests (willingness) in taking on the ownership? How do the other actors perceive Sida's role in the different stages of the project? If possible, considering the scope of the evaluation, the consultants should discuss the importance of Sida's overriding rules and objectives to Sida's actions and roles in the co-operation, and possible implications of acting in accordance with these and also further local ownership.⁷

Cost-Sharing

To what extent is cost-sharing applied in the selected projects? What types of costs do Sida and the local partner cover respectively? Is the agreed cost-sharing fulfilled? If not, why? May the application of cost-sharing be taken as a guarantee for locally supported and prioritised projects? Is cost-sharing a relevant indicator of ownership? Related to this, is the extent of cost-sharing of importance?

Demand-Driven Approach

To what extent are the selected projects demand-driven? Who initiated the project, i.e. who demands it, the local partner, the consultant or Sida? If the answer is the local partner and there are several possible local owners, who among these initiated the project? How is local ownership affected if the project is initi-

⁷ Sida will during the latter part of 2001 also conduct an audit of the KTS co-operation.

ated and demanded by Sida and/or the consultant? Is a demand-driven approach essential for local ownership? That is, is local ownership possible although the project is not initiated by the local partner?

Competent Partners

What are the characteristics of the local partner, e.g. what means, in terms of resources, capacity and competence, do the local partner have to take on the responsibility? How does the characteristics of the local partner affect its possibilities to and interest in taking on the ownership?

Limited Projects

How long period does the project cover? Is it one in a row of phases? How large is the project in financial volume: Sida's contribution and in total? Does the length of the time-period and the size of the support affect the local partner's incentives to take on the responsibility?

Swedish Consultant

What role does the consultant play in the different stages of the project? Is the consultant's role in relation to Sida and the local partner affected by the fact that the consultant is Swedish? What does the fact that the consultant is Swedish imply for the local partner's (sense of) incentives (interest, willingness) to assume ownership? Does the consultant have the required competence for the assignment? Does the competence of the consultant affect the roles and actions taken by the actors in the co-operation?

The Local Context

What are the characterising features of the local context at the organisational and national level? What local institutions affect the local partner's possibilities and interests in taking on the ownership? What are the implications for local ownership of the characteristics of the local context? See further Annex 2, page 7.

What can be said about the requirements on the local context, in order for KTS to be applicable? Thus, the requirements on the partner/country for local ownership to be expected? When discussing this question those under "competent partners" shall be taken into account. This question is also linked to the question of the importance of the character of the projects to local ownership (see below).

The Character of the Projects

If possible, considering the scope of the assignment, the following questions should be included in the evaluation. How is local ownership affected, i.e. restricted and/or supported, by the fact that the support is in the form of transfer of knowledge (development of knowledge)? How is local ownership affected by the character of; the knowledge, the knowledge transfer and/or the process of knowledge development?

4.3 Discussion About a Possible Definition of KTS

On basis of the findings of the application of KTS, the consultants shall discuss the least common denominator of the KTS form, and the implications for the use of the term and the aid form within Sida. What are the minimum requirements for the support to be labeled KTS? Possible differences between how the characteristics are applied in the case studies and how they are intended to be applied should be accounted for and discussed. Further, possible differences in application between different actors (departments) at Sida, and their rationale, shall be accounted for and discussed. This part of the assignment will possibly require that KTS is discussed in relation to other similar forms within the Swedish development co-operation.

4.4 Recommendations and Lessons Learned

Lessons and recommendations shall primarily be directed to Sida staff. The consultants shall consider that there are different groups within Sida with different needs and interests in the evaluation. Firstly, there are departments that work almost exclusively with KTS, which need, among others, lessons about how to improve the management of KTS. Secondly, there are departments with very little experience from KTS, who's primary interest are to get a clearer picture of what KTS is: Where, with what partners, is KTS applicable and how should it be applied? Thirdly, Sida in general and those at the policy level in particular are mainly interested in lessons about the roles and relationships in development co-operation, and the relationship between the characteristics of KTS, the local context and local ownership.

Lessons will also be of interest to stakeholders in partner countries, hence, the evaluation process shall be designed so that both Sida staff and stakeholders in partner country receive feedback on evaluation results.

The consultants shall discuss:

- the relationship between KTS and local ownership;
- which characteristics that seem to be most important for local ownership;
- what can be learnt from KTS as regards the application of the characteristics and local ownership;
- what can be learnt from KTS as regards roles and relationships between the actors in development co-operation its relation to local ownership;
- the least common denominator of KTS and implications for the use of the term and the form within Sida (see Section 4.3);
- how the KTS form should be adjusted to the features of the local context, that is, how the different characteristics should be used and combined in relation to the local context, to best support, reinforce or at least not weaken the preconditions for ownership in the local context;

- the preconditions for ownership in the local context, both in terms of means⁸ and institutions, that are required for KTS to be applied effectively. That is, to discuss in which types of countries and partners KTS may be applied effectively;
- whether it seems to be possible to apply KTS effectively in other parts of the development co-operation, i.e. in traditional partner countries;
- the importance of the features of the local context, organisationally as well as nationally, to local ownership;
- the importance of the character of the project to local ownership.

See also the purpose of the evaluation, Section 3.

5 Methods and Work Plan

The evaluation shall be undertaken in close co-operation with Sida.

Field studies in the selected countries are required. UTV reserves the right to take part in the field visits by agreement with the contracted team.

In Section 4.1 relevant Sida documents and other literature will have to be consulted. Section 4.1.3 also requires interviews with concerned staff at Sida, as the characteristics are not clearly defined in any document. In Section 4.2 interviews with the stakeholders identified in the stakeholder analysis will be central. Further, it is important that concerned Sida staff is consulted when discussing the questions in 4.3. Finally, documents revealing the process, i.e. the roles and actions taken in the different stages of the project, will have to be reviewed.

The consultants should consider that the responsibility for, and task of, identifying and collecting relevant information, including Sida documents, rests primarily with the consultants, who cannot rely on support from UTV in this regard. This also applies for planning and preparation of the field studies. Further, regarding the field studies, the consultants should consider that there are Sida representatives only in Mozambique, Guatemala and Egypt. In the other countries there are Embassies but no Sida representatives, except for in Mongolia which is handled from the Swedish Embassy in China. Hence, the consultants may expect limited support from the Embassies.

A reference group will be given the opportunity to comment on the various intermediate reports. It is important that the consultants co-operate with the group, by keeping them informed and taking their points of view under consideration.

The evaluation is envisaged to require approximately 80–110 person weeks.

The tentative time schedule for the study is:

March 2001:	tender invitation
June/July 2001:	contract consultant

⁸ Knowledge, competence and resources.

August/September 2001:	submission of inception report
Sept./Oct.-Dec./Jan. 2001(2):	field work
Sept./Oct.-Dec./Jan. 2001(2):	submission of draft country reports, seminars at Sida
February 2002:	submission of final country reports and draft final report, seminars at Sida
March 2002:	submission of final report

6 Reporting

- 1 An inception report shall be presented to Sida providing details of approach and methods. Further, the approach applied and criteria used for project selection shall be accounted for in the inception report. The inception report shall include a detailed work plan specifying how and when the work is to be performed.
- 2 (Draft) Reports on the field studies of each country shall be presented. To give feed back to stakeholders, and also to give them the opportunity to comment on the reports, debriefing (seminars) shall be held both at Sida headquarters in Stockholm and in the partner countries. Depending on the character of the field reports they may be printed as separate publications and shall in these cases also be reported as final reports after having received and considered comments on the draft versions.
- 3 A draft main report summarising findings, conclusions and recommendations as specified in Section 4.4. shall be prepared. The report shall be kept rather short, more technical discussions are to be left in the annexes. Format and outline of the report shall be agreed upon between the consultants and Sida. In connection with the presentation of the report seminars shall be held at Sida headquarters.
- 4 Within four weeks after receiving Sida's comments on the draft main report, a final version in two copies and on diskette, alt. via e-mail, shall be submitted to Sida.

All reports shall be written in English. Subject to decision by Sida, the report will be published and distributed as a publication within the Sida Evaluations series. The evaluation report shall be written in Word for Windows (or in a compatible format) and should be presented in a way that enables publication without further editing. The evaluation assignment includes the production of a Newsletter summary following the guidelines in **Sida Evaluations Newsletter – Guidelines for Evaluation Managers and Consultants** (Annex 6) the completion of **Sida Evaluations Data Work Sheet** (Annex 7), which shall be submitted to Sida along with the final report.

Consultations with stakeholders and dissemination of findings and lessons will be important throughout the study and the consultants are to include a budget for

this in their tender. However, a separate budget and contract between the consultants and Sida will cover dissemination activities following the publication of the final evaluation report. A decision on dissemination activities will be taken at a later stage in the evaluation process.

7 Specification of Qualifications

7.1 Compulsory Qualifications

The following qualifications shall be met by the tenderer.

The Content of the Tender

- The approach and methods to be applied in performing the assignment shall be specified and motivated as concretely and clearly as possible in the tender. Specifically, the tenderer shall:
 - present how they intend to assess ownership and the relationship between the characteristics of KTS, local context and ownership;
 - discuss the ownership concept and problems/potentials involved in assessing ownership;
 - specify the methods to be applied and the theories that are to be related to;
 - specify how to conduct the project selection;
 - present if and how the in-depth studies are to be combined with desk studies, queries and/or other methods in order to cover a larger number of projects.
- The tenderer shall account for his/her understanding of the assignment in his/her own words.
- The tenderer shall comment on the ToR, and are also free to comment on the background papers (Annex 1 and 2).
- The tenderer shall provide a detailed time and work plan for fulfillment of the assignment including a) a manning schedule that specifies the tasks performed by and the time allocated to each of the team members, and b) estimates of the time required for the different tasks of the assignment. The tenderer shall clearly state when the team will be able to perform the assignment.
- The tenderer shall specify the qualifications of each member of the team and attach their individual Curricula Vitae. The knowledge and experiences, that is relevant to the assignment, shall be highlighted in the curricula vitae of the respective team members (see staff resources below).
- The tender shall include a budget, which differentiate between and propose ceilings for fees and reimbursable items. Estimated costs/price shall be stated in total and for each separate activity in the assignment. All fees shall be stated hourly. All costs shall be stated in SEK, exclusive of Swedish Value Added

Tax, but including all other taxes and levies. Individuals however, shall state their fee exclusive of Swedish social security charges.

Staff Resources

The team shall possess, in a suitable combination, advanced knowledge of and experience in a majority of the following disciplines:

- economics and/or political science and/or related social science;
- anthropology and/or sociology and/or related social science;
- thematic evaluations;
- institutional and incentive analysis;
- organisational analysis (specifically bureaucracies) and/or management theory;

The team shall possess knowledge of and experience from the countries selected for the evaluation, i.e. Ukraine, Lithuania, Mongolia, Egypt, Guatemala, Botswana and Mozambique, or similar countries.

Further, the team must include members with the ability to speak Spanish. As some of the central documents will be in Swedish at least one team member must have the ability to read Swedish.

The team-leader shall have considerable experience from managing evaluations, preferably of the same size and character as the present.

7.2 Preferred Qualifications

Staff Resources

It is preferable that the team includes members that have done some qualified work on the ownership/partnership concept(s).

Representation of partner country researchers is desirable.

Annexes to the Terms of Reference (not attached here)

- Annex 1 Contract-financed technical co-operation (KTS). A background paper.
- Annex 2 Incentives for Ownership
- Annex 3 Sida Studies in Evaluation 00/5 “Ownership in Focus? Discussion paper for a planned evaluation”
- Annex 4 Contract Financed Technical Co-operation
- Annex 5 Sida at Work
- Annex 6 Sida Evaluations Newsletter – Guidelines for Evaluation Managers and Consultants
- Annex 7 Sida Evaluation Report – a Standardised Format, Sida Evaluations Data Work Sheet

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Contract-Financed Technical Co-operation and Local Ownership

This evaluation deals with contract-financed technical co-operation (KTS) as a particular aid form in Swedish development co-operation. In particular the study explores the link between local ownership and the various characteristics of KTS projects, such as being demand-driven, limited in time, scope and financial volume, involve a competent local partner and based on a contract between a consultant and the local partner (LPO), cost-sharing and limited involvement by Sida. The evaluation also analyses the dynamics between the three main stakeholders (the LPO, the consultant and Sida) and the applicability of KTS as an aid modality in different national and local contexts.

The evaluation is based on case studies in seven recipient countries with differing socio-economic profiles and environments for development co-operation (Botswana, Mozambique, Egypt, Guatemala, Lithuania, Mongolia and Ukraine).

The evaluation comprises a synthesis report and seven country studies (in six volumes).



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