

Contract-Financed Technical Co-operation and Local Ownership

Guatemala Country Study Report

João Guimarães
Guillermo Lathrop
Mayra Palencia



Contract-Financed Technical Co-operation and Local Ownership

Guatemala Country Study Report

João Guimarães
Guillermo Lathrop
Mayra Palencia

This report is part of *Sida Evaluations*, a series comprising evaluations of Swedish development assistance. Sida's other series concerned with evaluations, *Sida Studies in Evaluation*, concerns methodologically oriented studies commissioned by Sida. Both series are administered by the Department for Evaluation and Internal Audit, an independent department reporting directly to Sida's Board of Directors.

Reports may be ordered from:

Infocenter, Sida
S-105 25 Stockholm
Telephone: (+46) (0)8 506 423 80
Telefax: (+46) (0)8 506 42 352
E-mail: info@sida.se

Reports are also available to download at:

<http://www.sida.se>

Authors: João Guimarães, Guillermo Lathrop, Mayra Palencia

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

Sida Evaluation 03/09:03

Commissioned by Sida, Department for Evaluation and Internal Audit

Copyright: Sida and the authors

Registration No.: 2001-2823
Date of Final Report: August 2002
Printed by Elanders Novum
Art. no. SIDA2213en

ISBN 91-586-8508-X
ISSN 1401-0402

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Sveavägen 20, Stockholm
Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64
Telegram: sida stockholm. Postgiro: 1 56 34-9
E-mail: info@sida.se
Homepage: <http://www.sida.se>

Table of Contents

1	Introduction	1
1.1	General	1
1.2	The Assignment	3
1.3	This Country Report	5
2	Approach and Method	7
2.1	The Fieldwork	7
2.2	A Discussion and Operationalisation of KTS Characteristics	9
2.2.1	<i>General</i>	9
2.2.2	<i>A Cautionary Note on Indicators</i>	10
2.2.3	<i>Indicators and Scales</i>	11
2.2.4	<i>Content of the Co-operation</i>	11
2.2.5	<i>Contractual Arrangement</i>	12
2.2.6	<i>Sida's Role</i>	13
2.2.7	<i>The Meaning of 'Demand-Driven'</i>	14
2.2.8	<i>Cost-sharing</i>	15
2.2.9	<i>Limited Projects</i>	16
2.2.10	<i>Competent Partners</i>	17
2.2.11	<i>Swedish Consultants</i>	18
2.3	Ownership: Some Aspects and Indicators	19
2.3.1	<i>General</i>	19
2.3.2	<i>What is Owned, by Whom</i>	19
2.3.3	<i>Indicators of Ownership</i>	21
3	The National Context	25
3.1	Guatemalan Society, the Peace Process and Political Institutions	25
3.2	The Modernisation of the State	26
3.3	State and Civil Society	27
3.4	Public Organisations: Transparency and Corruption	30
4	Swedish Assistance	32
4.1	Introduction	32
4.2	The Country Strategy	32
5	KTS Projects in Guatemala	34
5.1	General	34
5.2	The Application of KTS Characteristics	35
5.2.1	<i>KTS Characteristics in Guatemala: a Synoptic View</i>	35
5.2.2	<i>Content of the Co-operation</i>	35
5.2.3	<i>Contracts and Contract Power</i>	35

5.2.4	<i>Sida's Role</i>	39
5.2.5	<i>Cost-Sharing</i>	39
5.2.6	<i>Demand-Driven Projects</i>	40
5.2.7	<i>Limited Projects</i>	43
5.2.8	<i>Competent Partners</i>	43
5.2.9	<i>Swedish Consultants</i>	44
5.2.10	<i>The Application of KTS in Guatemala: Some Concluding Remarks</i>	44
6	Local Ownership in KTS Projects in Guatemala	46
6.1	An Overview	46
6.2	Ownership of Knowledge Outputs	47
6.3	Ownership of Objectives	47
6.4	Ownership of Project Processes	48
6.5	Some Concluding Remarks on Ownership	50
7	Context, Ownership, and the KTS Characteristics: an Interpretation	53
8	Some Conclusions and Further Discussions	59
Annex 1	List of Questions Used as Guidelines for Interviews	65
Annex 2	Short Descriptions of the Projects Studied in Guatemala	69
Annex 3	List of People Interviewed	76
Annex 4	Terms of Reference	78

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

Chapter 1

Introduction

1.1 General

This report presents the analysis and the main results and conclusions of the evaluation study carried out in Guatemala as part of a broader evaluation of contract-financed technical co-operation and local ownership.

Contract-financed Technical Co-operation (KTS) is one of the aid forms 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. 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 consultants'. 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 prior-

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.

itised 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, p. 1, our italics).

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

Sida considers **local ownership** desirable, both as an end in itself and because it is expected to guarantee that the projects are given priority and support by the local partner, thus increasing their chances of effectiveness and long-term sustainability. 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, 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, ownership requires a certain amount of reinterpretation, as is indicated in Chapter 2 below.

Finally, 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 way in which KTS is applied in particular national contexts. The general evaluation of which the present Guatemala evaluation forms one part has three main purposes:

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

This in turn requires that, for a representative sample of KTS projects, the following aspects be studied:

- main characteristics of the national/local contexts within which the KTS projects are implemented;
- ways in which the characteristics of KTS have been applied;
- nature and character of local ownership; and
- relations between the concrete forms of application of the characteristics of KTS, on the one hand, and local ownership, on the other, taking into account the contexts in which the projects are implemented.

The main reasons for the evaluation are as follows:

- to ascertain what is the actual 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 countries less developed 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 Guatemala, Lithuania, Mongolia, Ukraine, Mozambique, Botswana and Egypt. 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-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

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

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.

The focus of this entire evaluation, and of each of its country studies, is on the particulars and dynamics of the triangle of relations joining Sida, the Swedish consultants, and the local partner organisations, including their project personnel and other stakeholders. The main question to answer is whether and to what extent KTS, in some or all of its characteristics, leads in actual practice to the local ownership that it is expected – in Sida – to achieve. 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.

As mentioned above, local ownership is conceived in Sida both as a means (to the extent that it increases the effectiveness, efficiency and sustainability of projects) and as an end, valuable and desirable for itself. This evaluation is required to focus more on ownership as an end in itself, although effectiveness may be taken into account to the extent that it affects local ownership.

While the fieldwork and the document analysis required of this evaluation must pay close attention to the above stated triangle of relations as evidenced in the projects selected and the objectives agreed upon, what the ToR require to be delivered is a policy evaluation of a form of aid, not a series of project performance evaluations.

1.3 This Country Report

Issues of approach and method are presented in Section 2. This is followed, in Section 3, by an overview and discussion of the national context which, although as short as possible, takes into account the main complexities of the country's political, institutional, social and ethnic characteristics. An overview of Swedish assistance to Guatemala follows in Section 4. Sections 5, 6 and 7 form the core of this report. Section 5 deals with KTS assistance and particularly the application of the KTS characteristics in the projects examined in Guatemala, Section 6 analyses various aspects and dimensions of local ownership in those projects, and Section 7 relates ownership to the application of KTS characteristics,

taking into account the influence of the context. Finally, Section 8 presents some conclusions from the findings in preceding Sections, some findings in relation to the main questions of this evaluation and some questions raised by this country study for the final report. Three annexes contain respectively a list of the questions used as guidelines in the interviews, a set of short descriptions of the projects examined and a list of the people interviewed.

Inevitably, this country report has limitations. Its main limitations as a piece of policy analysis follow from the fact that there are only three KTS projects in Guatemala, in a context characterised by the presence of other Sida-assisted projects. This, combined with the overwhelming importance of the context (see Section 3 below), confers on KTS in Guatemala rather unique characteristics, which may in turn raise questions as to the representativeness and general applicability of the conclusions reached in this country evaluation. On the other hand, if, despite the highly specific country context, certain conclusions reached in other contexts³ appear valid also for Guatemala, that fact is bound to constitute a strong argument in favour of the broader validity of such results, and of their relative independence from context.

³ Concerning e.g. the invisibility of the KTS modality, local ownership as an unimportant issue for the Local Partnership Organisations (LPOs) as well as most consultants, compared with co-ownership, etc.

Chapter 2

Approach and Method

2.1 The Fieldwork

The field team for this country study consisted of João Guimarães and Guillermo Lathrop of the Institute of Social Studies, The Hague, and Ms. Mayra Palencia, an independent consultant from Guatemala City. The field team also benefited from a desk study of KTS assistance to Guatemala, carried out in Sweden by Ms. Maria Nilsson. Some Sections of that study have been adapted for use in the present report.

The fieldwork upon which this report is based took place over the period 23 January to 2 February 2002. The two core team members arrived in Guatemala City at the beginning of this period, and were joined by the local team member who, already before the beginning of the fieldwork, had started making contacts and organising meetings for interviews with consultants and staff of local partner organisations.

Three projects⁴ were selected for analysis in Guatemala, basically because they are the only KTS projects. The three projects are:

- Development of a cadastral and land registration system (CLR)
- National quality infrastructure in Guatemala (NQI)
- Cleaner and more competitive enterprises in Guatemala (CCE)

Fieldwork consisted primarily of interviews with people involved in each of these projects, mainly on the local partner organisation side, but including also some other local project stakeholders and consultants. Interviews took place in Guatemala City. The questions asked of the Local Partnership Organisation (LPO) focused primarily on ownership, in its various dimensions, and on the application of the KTS characteristics. They dealt primarily with the following subjects:

- General questions about the project objectives and content
- Content of the co-operation
- Priority of the project, ownership of objectives, stakeholders

⁴ 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.

- Origins and demand for the project
- Contract, contract management and role of Sida
- Cost-sharing
- Limited nature of the project: length and number of agreements, expectations of future co-operation
- Competence of and relations with the Swedish consultant
- Competence of the LPO

The interviews were supplemented with analysis of project documents made available to the evaluators by several of the people interviewed and by the Sida desk officer. The team also had interviews with consultants in Sweden, in person or by telephone, and with Sida staff on various occasions. Both an initial meeting/interview and a debriefing meeting were held with the Sida representative in the Swedish Embassy in Guatemala City.

A list of questions used as guidelines for the interviews is presented in Annex 1, although of course not every single question was asked, and questions were not always asked in the precise order in which they are presented. The questions in the annex are phrased for interviews with the LPO. For other stakeholders and for the consultants the questions were suitably modified.

While the evaluation team made every effort to learn as much as possible about project performance, the information that was possible to obtain on this aspect was mainly based on the perceptions presented by, and analysed with, our interlocutors.

A special observation must be made about context. As indicated in Section 1 above, the context of application of KTS projects, and its influence upon both local ownership and the application of the KTS characteristics, form a central part of the present study. In the particular case of Guatemala, understanding the complex political, social and economic context is important for two main reasons. First, the fact that the country has only recently emerged from a protracted civil war, and that many if not most of the tensions that gave rise to it are far from being fully resolved, is central to the understanding of the role of Swedish aid, and of the ways in which this aid has been extended. To put it simply, the exceptional nature of the country's situation largely explains the characteristics of Swedish aid – including, in particular, the characteristics of KTS projects and the specific ways in which they have been implemented. Secondly, this situation – which forms the context of implementation of KTS projects – also affects the behaviour of local organisations, in both the public and the private sectors, including particularly the local partner organisations.

2.2 A Discussion and Operationalisation of KTS Characteristics

2.2.1 General

The ToR for this evaluation define KTS as a form of aid, aimed at mediating the development of knowledge in the recipient country. In addition, KTS is 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 rela-

tions 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.

2.2.2 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 terms or reference.

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 of, if not 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.

2.2.3 Indicators and Scales

When seeking to bring indicators into an argument (indicators never speak for themselves: they must always be argued for or against) there are three aspects that need to be considered: *concern, indicator and scale*.

In the present case, the concern is, first, each of several KTS characteristics and, later in this section, 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.

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.

2.2.4 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 owner-

ship 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.

2.2.5 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 acquire 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. *Third*, the KTS form is seen as a way of helping, in the context of transition, countries in East Europe to set up market economies. *Fourth*, KTS assistance is expected to be largely managed by the two main parties involved – the LPO and the Swedish consultant – and thus to allow Sida to remain at arms-length from day-to-day management of the project. 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 and third are 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 in-

complete: 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.

What is required in this respect is 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.

2.2.6 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 de-

scribed as the degree of its ‘hands-on’ involvement⁵). The indicator characterising the role of Sida in this case relates to the *extent of Sida 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.

2.2.7 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

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.

⁶ It also does not help much to see who actually produced the project proposal. 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.

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 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.

2.2.8 Cost-Sharing

Sida defines cost-sharing as the extent to which LPOs provide resources and implementation costs for in-country project activities. But no pre-

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'.

scription is made as to what this proportion should be, and greatly variable 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.

2.2.9 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.

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 local partner may not see the importance of cost-sharing in the same way 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.

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

2.2.10 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. This is a policy not a project evaluation, and 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:

(a) *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.

(b) *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.

2.2.11 Swedish Consultants

At least some information on (a) the type of organisation and (b) professional competence has been sought, as 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 the 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 carry out its duties in relation with the project, both in terms of transfer of technical knowledge and in terms of management¹⁰.

2.3 Ownership: Some Aspects and Indicators

2.3.1 General

For Sida, ‘local ownership’ is a key, defining, 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.

2.3.2 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 to 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

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.

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.

If a project has a number of *material inputs or outputs*, it is in principle possible, even easy, to indicate whom 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, is never self-evident, is always nuanced,

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.

2.3.3 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, 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 organisation. 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.

Ownership of Project Processes

a) Formulation

Formulation is the period and process during which agendas 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), find their way into the project.

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, for instance, 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.

b) 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, 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.

c) 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

The National Context

3.1 Guatemalan Society, the Peace Process and Political Institutions

Society in Guatemala is strongly influenced by a long history of social relations marked by a strong concentration of political, economic and cultural power. The state has reflected and propitiated this concentration since its colonial origins, through institutions created to serve the interests of the few. The political system concentrates access to public goods and services in metropolitan areas and around a small *creole ladino*¹² elite, disconnected from the multiethnic, multilingual and multicultural nature of the nation. Excluding vast segments of the population, especially the indigenous population and peasants, from the benefits of social, cultural, civil and political rights, the system sustains not very representative political parties of *caudillos* through patron-client relations, without a nation-state vision or any long-term views of how the country should evolve.

These characteristics have undermined the legitimacy of, and people's trust in, public institutions and political leadership. They negatively affect governance and they have increased authoritarianism, resulting in vicious circles that could be solved only through violence. Politics ceased working as a means to regulate social life, and social fragmentation, discord and lack of communication between society and state, between people, communities, leaders and followers, increased. The most intense expression of this situation has been the internal armed struggle.

The peace process of 1994–96 thus emerged in a strongly dysfunctional society and state. Authoritarianism generates a lack of trust and a rejection of public authority, as well as a disaffected attitude among public servants towards social needs and demands.

In Parliament, ultra-right wing parties have disappeared from the political scene, the guerrilla has opted to act as a formal political party, and the proliferation of political parties – 16 in the elections of 1999 – has shifted the political spectrum towards the centre. Despite these positive develop-

¹² The term *ladino* is used to distinguish people of white European origin as different from indios, or the indigenous population.

ments Parliament, which should be the locus where national consensus is built, has not succeeded in improving its performance or increasing its transparency. Its modernisation, contemplated in the peace agreements, has so far largely been limited to some reforms to the law of parliamentary procedure and to increasing the deputies' privileges, such as immunity from prosecution. The functioning of a political 'steamroller' imposed by the parliamentary majority prevents a proper discussion of issues brought into the plenary or into committees by minority parties.

As a consequence of all this, relatively little has been achieved in terms of generating the conditions necessary to comply with the peace agreements, as the executive has given priority to financial and economic issues. As yet, Guatemala has failed to create an adequate basis for good governance and democratic participation. The legislative agenda of the peace is basically frozen, although it is crucial to the fulfilment of the agreements. The long-term social development agenda is equally paralysed.

Still, it is undeniable that conditions have improved, and are today more favourable to political reform than before, as the peace agreements have created new political relations and actors, freedom of the press, freedom of association, the right to influence public opinion and a retreat from radical ideologies. The state has abandoned counter-insurgency strategies and has become more open towards civil society.

3.2 The Modernisation of the State

The modernisation of the state is another strategic issue for the democratisation of Guatemala, included in the peace agreements. Actions in this respect have been erratic and top-down, and responding more to macro-economic interests than to the need to make public functions more democratic, transparent and efficient. The World Bank and the Inter-American Development Bank have been providing active support, but only to those efforts in line with the recommendations of the Washington consensus: privatisation, decentralisation of public functions, deregulation, focalisation of social expenditures, etc. Other donors, such as the United Nations Development Programme (UNDP) and several bilateral donors, have also supported efforts aimed at the modernisation of the state.

Reforms have tended to be hampered by the fact that every new administration starts from scratch, disregarding what previous governments have done. Continuity of policies is therefore impossible. This results in inefficiency in planning and use of resources, the lack of integrated systems for budgeting and tax revenues, and careless management practices that both foster bureaucracy and require the use of expensive private consultants.

The present government has revived some strategic initiatives first raised between 1991 and 1993 that, without solving the problems created by the lack of a long-term perspective, at least contributed to fill some gaps that were compromising the effectiveness of public management. These include setting up the Integrated System for Financial Administration (SIAF) in the Ministry of Finance. Through this system, the Ministry should in theory be able to guide fiscal and financial re-engineering and establish close relations between all state institutions. Its complement, the Government Administrative System (SAG) through which the Comptroller General is expected to rule on the administrative reform of the public sector, is also being put in place in close connection with the SIAF.

The SIAF is being introduced in all corners of the public sector, including decentralised institutions and municipalities. A National System of Public Investment (SNIP) will carry out budgetary planning, identifying needs, programming and implementation, including project evaluation. The reactivation of the National Institute for Public Administration (INAP) is meant to create the legal framework for the decentralisation of the public sector.

3.3 State and Civil Society

In general, Guatemalan society lacks trust in the public sector and in political parties. Politics is rejected as it is considered a matter for the corrupt and the opportunist. Electoral abstention has become endemic, affecting about half the population entitled to vote. The educational system is not fostering citizenship. Citizens have little access to information, and whatever information is available is primarily in Spanish and in the urban areas only. The state lacks openness and transparency, which implies that accountability and social control cannot prosper.

The peace negotiations represented a first difficult step towards dialogue not only between state and society, but also between different segments of society itself. Political communication started and, after so many years of conflict, the military, politicians, entrepreneurs, peasant leaders, trade unionists, NGOs, academics and others sat down to discuss politics. The result was an agenda emphasising consensus building, reconciliation, negotiation and dialogue.

The decrease in tension and the restraining of the military allowed for a reactivation of community actions and new impulses to local and indigenous organisations. New NGOs appeared, especially those dedicated to particular objectives such as children, environment, development, education, research, etc., and business organisations also began to formulate proposals and ideas leading to national reconstruction. Social reorganisation and reactivation was more spontaneous – especially among the com-

mon people – than planned. It was a response to a popular feeling that it was necessary to move *from protest to proposals*. The new ideas and proposals largely bypassed political parties. On the other hand, popular organisations are no longer controlled exclusively by the former guerrilla organisations.

Although recognising the need for solid proposals, the social leaders entered the period of implementation of the peace agreements without the technical and political capabilities needed in the new and very different negotiation scenarios. On the other hand, official dialogue and negotiation was restricted to a very narrow group. The representatives of the guerrilla movements (the National Revolutionary Union of Guatemala, or UNRG) and the government monopolised negotiations, as all subject-specific committees were formed with members of these two groups. The guerrilla's lack of capacity to make sound proposals and its inability to closely follow up the implementation of the agreements – just as is happening today with many politicians – made the leadership, which was in the hands of relatively inexperienced people, rather ineffective.

To these problems should be added the difficulty to implement agreements that were not sufficiently clear in terms of obligations and procedures. The peace process did not include provisions to compel the government to respect agreements, or to make the necessary budgetary arrangements, to organise inter-institutional co-ordination or to formulate the required policies. Debates were neither conclusive nor mandatory, and technical dialogues were not politically enforceable. The fiscal crisis further constrained the already narrow space for negotiation and dialogue.

Successive governments that followed the peace agreements produced little more than rhetoric and showed no respect for what had been agreed and a reluctance to convert it into public policy. This tendency has increased during the present government. First, it has dismembered the peace institutionality, which has also given a kiss of death to the UNRG as the main – even if not fully representative – counterpart of the civil society. Many of the specialised committees have lowered their profile, truncating the process started after the signing of the peace. Despite the government's declared commitment to the peace agenda, that agenda has become dispersed and has lost its dominant role in guiding state actions. Secondly, the government did convene a Pact for Governance, but failed to implement it. Thirdly, manipulates and disrespects of the Fiscal Pact set up by itself. Fourthly, it has lacked coherence in managing relations between the executive and the legislature, and even within the executive itself, having selected haphazardly with whom to discuss and to build up consensus.

Still, some concrete initiatives were translated into state actions. This is the case of those related to land ownership, the Municipal code derived from the Comisión de Participación a Todo Nivel (Commission for Participation at All Levels), the agreements towards a Cadastre Law, the macro-agreements derived from the Comisión Paritaria para la Reforma Educativa (the Commission for Educational Reform), the recommendations of the Comisión de Reforma del Organismo Judicial (Commission for the Reform of the Judiciary), and others still pending legislation.

In general terms, however, because of its structural weaknesses the Guatemalan state, irrespective of which party is in power, has not been able to establish an agenda to guide the action of public institutions, or to set priorities for the solution of national problems. Consequently, there is a growing gap between what needs to be done to solve national problems and the short-term priorities set by each administration. Dialogue and negotiation become wearisome, as each government, through its own ad-hoc approach, violates the peace agreements.

The experience with the Fiscal Pact is representative of the prevailing political culture. The Fiscal Pact was meant to establish a technically solid basis for public policy. It thus was an important element in the post-war dialogue, but ended up in failure. This process started with some 50 proposals. Because of a lack of technical capacity and ability to negotiate, non-entrepreneurial social organisations aligned themselves with the position of the URNG, which decreased their effectiveness. The representation of the entrepreneurs had clear ideas, but was against the increase of direct taxation, the reduction of subsidies, privileges and tax holidays, and sustained monetarist positions. The government failed to form alliances capable of facilitating agreements with the private sector, and to accommodate the internal struggle between different interest groups within the ruling party. In the end the government itself broke the Fiscal Pact when it approved a fiscal package that had never been discussed in the Committee or presented to public opinion.

Again, in the issue of land, negotiations are very slow, with regards both to the distribution of land and to the approval of the cadastre law. Social organisations even had difficulty in agreeing on what they should negotiate with the government.

The only relatively open agenda for negotiation proposed by the present government is in the field of decentralisation. This has been one of the most relevant government proposals towards the modernisation of the state, comprising a 'national project' with a multicultural and multiethnic content, to be implemented over 20 to 25 years. According to the government, decentralisation should take into account the great problems that need to be solved in terms of political culture, state centralism, popular

participation and extreme poverty, as well as the political, technical, functional and administrative weakness of municipalities.

In terms of public policies, while not much happens in relation to the social and economic agenda for peace and to policies to deal with extreme poverty, development has been reduced to deconcentration, decentralisation and the expansion of the coverage of education and health. Decentralisation has emphasised technical and financial renewal and the complexities of law approval, but has failed to include economic decentralisation for development. There is neither a development policy nor a development debate.

3.4 Public Organisations: Transparency and Corruption

Another strategic factor hampering the consolidation of a more democratic system in Guatemala is generalised corruption. The anti-insurgency policies that have been applied for 50 years, in which benefits and privileges were allocated through the use and private abuse of public administration, brought about institutionalised corruption. Mechanisms for institutional efficiency, public responsibility and accountability have either not been put into place or have wasted away because there are almost no systems of control, and the few that exist are easily eluded. The old-fashioned juridical control system, more or less limited to the regulations of the Comptroller General established in 1958, lacks the procedures necessary to make public administration transparent and to sanction those who break the rules. The state has not created, and does not implement, serious policies designed to fight corruption.

Several studies have shown that the perception among the population is that the most corrupt bodies are in the state (with Parliament, the Ministry of Finance and the judicial branch at the top) and in the private sector (in customs, taxation and finance). NGOs and municipalities are also seen as corrupt. There is little understanding of and no clear position vis à vis corruption, and only recently have civil society organisations interested in fighting corruption begun to organise.

The peace agreements created openings for this problem to be tackled. The agreement regarding the Strengthening of Civil Authorities proposes the professionalisation of public service. The Constitution (article 136) guarantees the right of citizens to apply to public office, but it excludes those with no competence, honesty or probity. The agreement on Socio-economic Aspects and Agrarian Affairs envisages the modernisation of the public administration, the punishment of corruption, the professionalisation of public servants and their selection and assessment according

to publicly known mechanisms and criteria that include aspects related to honesty and capacity. The agreement on the Functions of the Army in a Democratic Society includes regulations on the access to military information and the prohibition to maintain illegal files and data on Guatemalan citizens. In general, however, governments have tended to deal with these issues in a legalistic manner, that is to say, resorting to legal patches that have not contemplated the restructuring of functions or the adoption of penalisation measures.

Due to the flagrant instances of corruption in the present administration, denounced in the press and echoed internationally, a *Fiscalía contra la Corrupción* (Anti-corruption Attorney) was created this year. Despite their good intentions, this and other measures, such as the creation of the Probity Commission, of a Presidential Commission for Transparency in Public Office and Against Corruption, and the ratification of the Inter-American Convention to Combat Corruption, often fail to deal with the problem at a deeper level.

From the legislature, the possibilities of action are uncertain. Still, it is known that the Probity Commission of Parliament is proposing the creation of a Co-ordinating Office for Government Inspection. The intention is that this office will reinforce the procedures for monitoring compliance with legal and ethical duties of all public functions, increase transparency and information to the public in order to increase the accountability of public servants, and promote the participation of citizens in denouncing illegal acts.

Chapter 4

Swedish Assistance

4.1 Introduction

Like most international assistance to Guatemala, since 1997 Swedish development co-operation has been focused primarily on the national development agenda formed by the 1996 peace agreements. Before this, Swedish aid to Guatemala was given within a regional framework and consisted primarily of humanitarian aid, with a strong focus on respect for human rights. The period 1997–2001 saw a considerable increase in aid and a shift towards longer-term support for the consolidation of peace and democracy. Development co-operation tended to be implemented mainly in co-operation with the UN system and with Swedish NGOs. A large share (approximately 39 percent) of Swedish aid to Guatemala has been channelled through the UN system, while approximately 33 percent went primarily through NGOs, which provided strong support to Guatemalan civil society.

Table 4.1: Sida Disbursements to Guatemala (000 SEK current)

	90/91	91/92	92/93	93/94	94/95	95/96	1997	1998	1999	2000	Total	%
KTS	0	0	0	0	0	0	1,991	2,682	6,330	3,493	16,654	3
Aid to and through NGOs	128	6,262	3,600	14,480	6,930	38,243	18,273	27,478	34,627	39,645	189,666	33
Aid through UN system	0	0	850	813	10,830	12,941	45,586	44,180	78,615	33,483	225,141	39
Other project aid	741	44	36	2,486	3,854	20,780	29,081	12,766	27,786	44,956	142,530	25
Total	869	6,306	4,487	17,779	21,615	71,964	94,931	87,106	147,359	121,577	573,993	100

4.2 The Country Strategy

Sida does not have a country strategy for Guatemala. The country falls under the regional strategy for Central America and the Caribbean. The regional strategy for the period 1997–2001 specified the following main areas for Swedish co-operation with Guatemala:

- Consolidation of the peace.

- Strengthening of democracy at the central and local level.
- Promotion of human rights and the primacy of law.
- Modernisation of the state and strengthening of civil society.
- Sustainable development and poverty reduction.

All these areas are closely related to the implementation of the peace agreements. The regional strategy for 2001–2005 indicates that Swedish co-operation with Guatemala will continue to use the peace agreements as its point of departure, and to be guided by an awareness of the fragility of the peace process and by the need to ensure its sustainability. In terms of content, the strategy specifies the following areas of focus for development co-operation with Guatemala:

- Strengthening the primacy of law and democracy, especially at the local level.
- Promotion of the rights and participation of women and indigenous people.
- Promotion of structural changes in the economy in order to achieve growth characterised by more equal distribution of wealth, for instance in terms of land ownership rights and the taxation system.

In 2001 for the first time the regional strategy was complemented with a programme for Swedish co-operation in Guatemala, in which the three main areas of co-operation mentioned above were re-affirmed and further elaborated into areas of intervention, and an indication was given concerning the overall volume of support to each broad area.

In this programme, the first area of focus mentioned above is assigned the highest priority, with 40–60 percent of total co-operation, and the following areas of intervention are mentioned: Justice and Police, Institutionalisation of Peace and Demilitarisation, Decentralisation, Civil Society, Local Development and Political Participation.

The promotion of rights of women and indigenous peoples is the second broad priority area, with 20–30 percent of total Swedish support, allocated in the following way:

- Support to the Presidential Secretariat for Women, Indigenous Women's Ombudsman and political and social participation of women: 5–10 percent of total co-operation.
- Support to indigenous peoples organisations: 10–15 percent.
- Support to health sector reform and water supply and sanitation programmes: approximately 10 percent.

The promotion of structural changes in the economy is the third priority area of focus, with 10–20 percent of total Swedish support, concentrated on Production and Analysis of Statistics, Cadastre and Other Technical Co-operation.

Chapter 5

KTS Projects in Guatemala

5.1 General

KTS aid to Guatemala started in 1997 in a small way, and has remained small, in relative terms (see Table 4.1). There have, until the present, been only four KTS projects: the three selected for this country evaluation and a fourth consisting of the provision of training for SEGEPLAN (the Guatemalan agency in charge of co-ordinating international assistance to the country) in using the Logical Framework Approach. That project was not selected for inclusion in this evaluation because, given its characteristics and the fact that it finished already in 1988, it would have been unlikely to yield much useful information.

An unusual characteristic of KTS projects in Guatemala is that they are implemented side-by-side with other forms of aid, and actually represent only a small proportion of total Swedish assistance. Also interestingly, the projects seem to apply the KTS characteristics very flexibly, as will be discussed below. For this reason, it seems especially important to analyse the outcomes of these projects, especially from the point of view that constitutes the central concern of this evaluation, namely local ownership.

Table 5.1 presents the disbursements to KTS projects in Guatemala, from 1997 to 2000. The most important project by far in total volume of funds allocated is Cadastre and Land Registration. It must be pointed out that the figures for this project in the table refer only to the strictly KTS component, and not to the component by means of which Sida, through the UNDP, funds the operation of the local partner organisation (UTJ).

Table 5.1: Disbursements to KTS projects in Guatemala (000 SEK current)

Project	95/96	1997	1998	1999	2000	Total
Cadastre & Land Registration	0	1,845	2,330	4,269	579	9,023
LFA SEGEPLAN	0	146	101	0	0	247
National Quality Infrastructure	0	0	251	1,760	1,169	3,180
Cleaner Enterprises	0	0	0	301	1,745	2,046
TOTAL	0	1,991	2,682	6,330	3,493	14,496

5.2 The Application of KTS Characteristics

In this section we first present, in tabular form, the values to which this evaluation arrived for each of the indicators referring to the form of application of the KTS characteristics in each of the projects analysed. This information is both complemented and elaborated upon in the subsequent discussion, which focuses on the way in which each of the KTS characteristics was applied, in the three projects examined by this evaluation.

5.2.1 KTS Characteristics in Guatemala: a Synoptic View

Table 5.2 presents the values of the indicators referring to the application of KTS characteristics, for each of the three KTS projects examined in Guatemala. All the assessments in the table are with regard to the current or most recent phase of the respective project.

5.2.2 Content of the Co-operation

The content of the co-operation refers to activities associated with the main *explicit* objectives of the co-operation. Of course, all projects also serve a set of important *implicit* objectives, foremost among which are objectives relating to technical assistance for institutional and capacity building towards a market economy, development of relations of partnership, etc.

All three KTS projects studied have significant training components and indeed one of them – Cleaner Enterprises – is dominantly a training project, albeit with some consultancy and a significant diffusion component. The other two projects involve, in addition to training, consultancy components and the associated transfer of knowledge.

5.2.3 Contracts and Contract Power

This evaluation has examined a total of five contracts for the three projects studied: two very similar contracts for the CLR project, two identical ones for the NQI project and one for the CCE project. In addition to this, the contracts for the CLR and for the NQI projects are again practically identical to each other and to a more or less standard contract form that Sida advises its partner organisations to use. In these contracts, most of the specifics of the projects are dealt with in Terms of Reference, usually placed as an annex to the contract. This allows the contracts to deviate little or nothing from the standard form. In that standard form, the Consultant undertakes to perform the Services, the Client assumes certain responsibilities (basically in relation to providing office space, local costs and help with visas etc., as is standard in development co-opera-

tion projects). The Client checks and approves the Consultant's invoices, after which the Consultant bills Sida, which pays the Consultant directly. In addition to this there are standard dispositions concerning personnel, liability and insurance.

Two other aspects of this standard contract deserve some mention. First, Sida is not only the financier. In order for the contract to become effective, Sida has to approve it and to enter into separate agreements with the client and the consultant, concerning its contribution and how it is paid.

Secondly, the contract is governed by **Swedish law**: disputes that cannot be settled amicably are to be settled in a Swedish court. It is not difficult to think of good and sensible reasons for this rule: reliability, independence, efficiency and relative incorruptibility of Swedish courts are no doubt some of them. On the other hand, it is undeniable that this rule considerably weakens the position of the LPO in relation to the Swedish consultant in any dispute between the two. Indeed we could almost say that, without the intervention (actual or threatened) of Sida, a hostile consultant could reasonably expect to impose its will on a client, on many matters, by the simple device of refusing to agree and threatening the client with legal action in a Swedish court¹³.

The CCE contract is, on the other hand, quite different in several respects: much longer, more specific and, interestingly, less Swedish-oriented. Article 11 indicates that, in case of disagreements that cannot be solved by arbitration, '... the case shall be submitted to the arbitration court of the defendant's country and settled according to the process rules of such court [...] Substantive law applicable will be that of the defendant's country'. This is much more balanced and client-friendly than the standard Sida contract. It should however be added that, in a real client-consultant relationship, the client would normally determine which court should be used in case of a dispute. In such circumstances, and notwithstanding the 'good reasons' mentioned in the preceding paragraph, it seems highly unlikely that Guatemalan clients would choose Swedish courts¹⁴.

¹³ In a discussion of an earlier draft of this report it was pointed out that Swedish law is recommended only as a suggestion, and that it is up to the LPO and the consultant to choose together where and by which law disputes should be solved. This is true, but that advice is also accompanied with the indication that the whole contract has been conceived in line with Swedish law – presumably implying, without saying so, that the choice of a different national law might create problems that would be difficult to solve, and putting substantial pressure particularly on inexperienced LPOs.

¹⁴ The rule that disputes will be heard in a court in the defendant's country obviously serves the purpose of encouraging the parties to try hard to settle the disputes without going to court, since each party knows that if they choose to go to court that decision will automatically imply that the dispute will be heard in a court in the other party's country.

Given these characteristics, the contract that gives KTS its name, and that is supposed to empower the local partner – the client – in their relation with the consultant, may or may not do so, depending on its formulation. The CCE contract creates a situation of relative symmetry between consultant and client, and seems ideal from the point of view of stimulating a relation of co-operation based on equality. The standard Sida contract, on the other hand, seems less satisfactory from this point of view. In projects ruled by it, the reference to Swedish law places the client at a disadvantage in relation to the consultant, and ultimately makes him more dependent on Sida as a hopefully benevolent arbiter, because Sida may be the client's best hope of getting redress from the consultant – but then again, it was Sida that formulated the standard contract in the first place.

In any case, in Guatemala, as in previously studied countries, no attempt was made by the LPOs to use contract power¹⁵; it was also not considered by them as an important characteristic of their position *vis à vis* the consultant. The almost identical replies to questions concerning the use of contract power stressed instead two other aspects: the good relation between LPO and consultant, and the fact that the co-operation was plan-driven, and therefore everyone knew what was expected, from whom and when. The plan-driven nature of the co-operation and co-ordination was also stressed by two of the consultants interviewed for this evaluation. For this reason the category that dominates the corresponding column in the table is – as elsewhere – 'Irrelevant'.

Of course, the contract itself is far from irrelevant. On the contrary, the contract, together with the associated Terms of Reference, does play a useful, even a key function, in defining roles and responsibilities, in reaching consensus as to what is going to happen during the projects and in regulating the relations between the parties. In that sense it is a useful and important instrument of co-ordination. No doubt the above-mentioned 'plan-driven' nature of the co-operation between LPO and consultant, and the good relations between both, have a great deal to do with a clear definition of roles and responsibilities, and therefore with the contract. In this, however, the KTS contract is no different from other contract forms used in development co-operation. All such contracts define roles and responsibilities and – if they are well designed (particularly the associated terms of reference), help minimise problems and conflicts, allow projects to be plan-driven and facilitate the development of good relations between the parties.

¹⁵ This fact was confirmed by all the representatives of consultants interviewed, who reported disagreements solved more or less easily by dialogue between the parties, but no serious conflicts or differences.

Table 5.2: Application of KTS Characteristics in Projects in Guatemala

Project	KTS Characteristics									
	Content of co-operation	Use of contract power	Direct involvement of Sida	Cost-sharing	Demand-driven	Limited projects	LPO Competence		Swedish Consultant	
							Technical	Organisational	Type of organisation	Competence
Cadastre and Land Registration (CLR)	C + T + K	I	L ¹	L	Y	L	H	H	Semi-Public	H
National Quality Infrastructure in Guatemala (NQI)	C + K + T	I	H ²	L/H ³	Y	L	H ⁴	L/H ⁵	Public	H
Cleaner and More Competitive Enterprises (CCE)	T + C + K	I	L	H	Y	H	H ⁶	L ⁷	Private	H

Legend: C: consultancy T: training K: transmission of (implicit) knowledge
H: high M: medium L: low I: irrelevant

Notes to Table 5.2:

Note 1: The LPO is the UTJ (Unidad Técnica y Jurídica), the creation of which (by the Guatemalan government) has been made possible by a Sida contribution and continues to receive significant financial support from Sida, channelled and monitored through the UNDP. However, Sida's direct involvement in the KTS project is considered low, because the project contents derive from Phase I of the same project and the management is carried out by UTJ and the consultant.

Note 2: Sida became directly involved in formulation when, in response to a request from AGEXPRONT, it organised an identification mission which formulated the project in the form in which it was eventually implemented.

Note 3: In the initial stages of the project the LPO had legal and budgetary difficulties to materialise cost-sharing agreements. Only recently have these difficulties been sorted out and cost-sharing is now taking place as had originally been planned.

Note 4: This refers to the competence not only of the LPO but also of the other local technical institutions related to the project.

Note 5: Initially, the Ministry of Economic Affairs handled this project very poorly, and it was only because of AGEXPRONT's organisational competence – and the patience of both the consultant and Sida – that the project survived. The Ministry's performance later improved substantially.

Note 6: Given that this is largely a training project, the technical competence referred to here is the competence of participants in the training activities rather than of the LPO itself.

Note 7: LPO competence in organisational terms is considered low, although the project seems successful. CIG and the resident consultant took care of day-to-day management of the project. Overall direction of the project was provided by a Steering Committee which consisted of representatives of CONAMA (which was the formal counterpart), CIG and the Ministry of Health. A change in government led to the disappearance of CONAMA, which was replaced by the Ministry of Environment and Natural Resources, MARN. At the same time, government representation in the steering committee (and thus in the project) stopped. CIG became the sole implementing partner. Finally, the CIG person who took part in the day to day management of the project left, and was not replaced.

5.2.4. Sida's Role

Perhaps because of the country's situation and of Sida's overall role as a main aid donor to Guatemala, Sida's role in the three KTS projects seems to have been rather more proactive than would fit in with what we might call the KTS theory. In the matter of land registration this is most obvious: Sida basically helped create an agency, funded most of its operational costs for quite a while and then extended KTS support to it. In the NQI project, Sida responded to a request from an 'unsuitable' but highly motivated LPO, organised an identification mission, found a 'suitable' LPO and approved the project. In the CCE project, Sida took a deliberate decision to allow the project to keep running because it believed in the usefulness of the likely outcomes, despite the withdrawal of National Commission for the Environment (CONAMA) and the failure of the Ministry of the Environment and Natural Resources (MARN) to occupy CONAMA's seat in the project steering committee. In all three cases, the project results seem to have vindicated the choices made by Sida.

As far as involvement or interference in the day-to-day running of the projects, Sida seems by all accounts (the LPOs', its own and the consultants) to have achieved a relatively hands-off posture, partly because of the trust that exists between it and the Swedish consultants, and of its reliance on them to ensure that the projects proceed as planned.

It may also be worth mentioning that several of the people interviewed by this evaluation expressed very positive views about Sida's flexibility and speed of response, which they contrasted favourably with those of most other donors, both bilateral and multilateral.

5.2.5 Cost-Sharing

From the point of view of cost-sharing, there were different situations in each of the three projects studied. In the CLR project, Sida has been financing not only the contract between UTJ and Swedesurvey but also, through UNDP, part of the functioning of UTJ itself. Under these conditions, cost-sharing would be pointless, since the size of any such contribution would be far smaller than the funds obtained from Sida, through the UNDP.

In the NQI project, the failure to register the project in the Ministry of Economic Affairs and to allocate resources to it implied that initially the ministry, which was formally the LPO, had no resources to pay local costs of the consultants. AGEXPRONT partly compensated for this by paying the Ministry for certain services performed by the consultants to the laboratories, and the Ministry in turn transferred this money to the consult-

ants. Part of the Ministry's problem also lay in the fact that, according to Guatemalan regulations, it is not possible to pay *per-diem*s to foreigners. However, Sida insisted on the Ministry fulfilling its part of the agreement, and this difficulty has since been resolved: the Ministry has now budgeted for the necessary cost-sharing.

For the CCE project, CIG as the client was charged in the contract with responsibility for cost-sharing and, after a short period of uncertainty, fully discharged this responsibility. In this respect the consultant reported a small problem: the hotel costs paid by CIG could not cover the costs of the kind of hotels the experts expected. In order to ensure the availability of the experts, the consultant was forced to top up those costs at its own expense.

5.2.6 Demand-Driven Projects

The discussions in previous country reports on the meaning and interpretation of 'demand-driven' will not be repeated here. It is enough to say that in the Guatemalan case it has been possible to establish with reasonable certainty a number of facts concerning who took the initiative in the case of each of the three projects studied, and it was also relatively easy to assess whether the projects were demand-driven as the term is interpreted in Section 2.2.7 above.

In the case of the *Cadastre and Land Registration* project, there was an initiative by the government of Guatemala which, following the peace agreements, expressed an interest in Swedish support in this area. This led to a fact-finding mission and eventually to agreement on the Swedish side with two forms of support:

- *Financial assistance* to the creation of a co-ordinating unit in charge of cadastre and property registration, property taxation, mapping, and other activities related to the 'Tema Tierra', or 'Land Topic'. This unit was designated the Unidad Técnico-Jurídica of the Comisión Nacional para el Desarrollo y Fortalecimiento de la Propiedad de la Tierra (PROTIERRA), or UTJ for short.
- *Technical assistance* to UTJ, in the form of a KTS project, designed to help UTJ in relation to:
 - the elaboration of a strategy relating to cadastre and land and property registration and related themes;
 - negotiations with other donors; and
 - training of staff.

This project may therefore be characterised as demand-driven; however, this evaluation was also told that there is currently not much political will for land registration, although this was a central theme in the peace agreements. In this case, it would perhaps be fair to say that it was the foreign assistance (in this case, Sida's, but later also that of other donors) that helped transform an obvious – even strategic – need of the country into a demand. As to the formulation of the project, it seems to have largely been done by the Swedish side, in the initial stages: see Section 6.4 below.

What may be questioned in this case is the extent to which it is correct to describe the technical support to UTJ as a KTS project. True, the KTS format is used to fund the technical co-operation, and the financial support to UTJ is not channelled directly through Sida, but through UNDP. Nevertheless, the triangular relations between Sida, the LPO and the consultant have little in common with those commonly found in the KTS form of co-operation¹⁶. Thus this is a far from typical KTS project – but, as will be argued later on, that does not pose any problems to this evaluation.¹⁷

In the case of the National Quality Infrastructure (NQI) project, the initial request came from AGEXPRONT, the Association of Exporters of Non-Traditional Goods, and it concerned the capacity of 10 laboratories for inspection and certification of agricultural products to be exported to Europe and the US, and some support to two local quality agencies. The request led to a SWEDAC identification mission, but also to the reply that Sida would only contemplate government to government co-operation. As a result of the identification mission, the project was significantly broadened and reformulated with the addition of two extra objectives: to create a national accreditation body (since none existed) and to strengthen the existing standardisation agency, COGUANOR. The local partner

¹⁶ There is no cost-sharing; the LPO was set up, almost from scratch, with the help of Sida, and could not therefore, at the beginning of the project, be described as competent, technically and even more organisationally; Sida played (and still plays) a role which is far from limited; the project formulation was carried out with the help of important inputs from the consultant; etc. In other words, the fact of the joint implementation introduces so many exceptional conditions (in terms of the KTS characteristics), that to describe this project as KTS is tantamount to reducing KTS to no more than a special type of contract. The fact that the Sida money for the non-KTS part of the project has been channelled through UNDP does not, from this point of view, change things much, since all those involved in the project are fully aware of the nature of Sida support and Sida's role in and relations with the project. It is interesting, in this respect, to note that the Sida representative in Guatemala indicated that trust in the consultant is one of the main reasons why he is not overwhelmed by the work involved in monitoring this project in some detail.

¹⁷ This should not be read as a criticism: given the importance of the 'Tema Tierra' in the Guatemalan context, particularly in the perspective of the peace agreements, and the commitment of Sida to supporting the peace process, both the decision to support the setting up of UTJ and that of extending technical support to it – in a field where Sweden is particularly strong – appear fully justified.

was to be the Ministry of Economic Affairs. The Ministry approved the project, but (this was an election year) made no financial allocation to it and did not record the project anywhere. For a while, therefore, there was a vacuum on the Ministry side, though the consultants continued to work with AGEXPRONT and with the laboratories. Following a change of government, the Ministry finally assumed its responsibilities as LPO, created a National Quality System and has since worked very well with the consultants. The first initiative was thus clearly Guatemalan, but the formulation of the broader project that ended up being implemented was largely done by the Swedish side. The demand picture in this project is therefore somewhat mixed: the project started with a local request (a request, by the way, for a set of support activities that remained part of the project), was broadened and reformulated by the identification mission, obtained, then lost, then gained again the support of the Ministry of Economic Affairs, and now there is great interest in it.

Finally, the 'Cleaner and More Competitive Enterprises' (CCE) project was initially requested to Sida by the Chamber of Industry of Guatemala (CIG), with the support of the National Commission for the Environment (CONAMA). The possibility of the original request having been influenced by the knowledge of what the consultant had achieved in this field in a neighbouring country has been mentioned; nevertheless, there is no doubt that there was a genuine and widespread demand, among both industries and environmental consultants. This is clear from the large number of industries and people that tried to join the training and environmental audit and planning programmes. As for who played what role in project formulation, the situation is less clear, because there had been contacts between CIG and the consultant (ÅF-IPK AB) before the project was proposed, and some people in CIG were aware of similar projects implemented by the consultant elsewhere. A representative from the consultant stated in this respect: 'we were approached by CIG with some good ideas, and then developed them in line with what we thought possible'.

Another aspect of this KTS characteristic needs to be mentioned. In line with its practice elsewhere, before Sida approves a project for financing Sida ensures that the project has the support of the Government institution in charge of co-ordinating foreign assistance (in this case, CEGEP-LAN). The rationale for this is that such support presumably ensures that the project fits in with the government's development priorities and therefore that there is a demand for it at the level where aid co-ordination is carried out. Although of course it supports the course of action mentioned (as a matter of diplomatic politeness if for no other reason), this evaluation does not consider it a very strong guarantee of demand for the project at the national level, for several reasons. First, no state is monolithic, especially in a situation such as that of present-day Guatemala, and

the approval of a proposal by the aid-co-ordination agency does not necessarily imply general support or demand for that project¹⁸. Secondly, we have come across examples of such agencies where it is thought that their main function is to maximise the flow of aid funds to the country, irrespectively of the nature and content of the project proposals submitted to donors.

5.2.7 Limited Projects

Given the relatively recent start of KTS support to Guatemala, comparatively little can be said in relation to limited projects *in time*. The CLR project is the only one which has gone through more than one phase. This is clearly a project where Sida is in for the long haul. In the words of the local Sida representative, 'We are trying to create a process and staying with it until it is irreversible'. It therefore can definitely not be seen as a limited project. The NQI project is still in its first phase, but this evaluation was told of plans to apply for a second phase, using unspent money from the first phase. The only project that as it turned out **is** limited in time is the CCE project, where this evaluation was told that, because of the withdrawal of CONAMA/MARN, it has been decided not to continue the project – and, even in this case, the expression 'decided not to continue' almost implies that continuation would have been normal.

Other possible interpretations of the 'limited projects' expression include 'limited in size' and 'limited in scope' (particularly the scope of project objectives). From this point of view the three KTS projects studied by this evaluation may indeed be described as limited, since they are relatively small projects, with limited and clearly defined scope¹⁹.

5.2.8 Competent Partners

In terms of technical competence, all projects scored High. In the case of the National Quality Infrastructure, the competence in question is not only that of the LPO but of a number of organisations that took part in the project, including most notably its initiator, AGEXPRONT. In the case of the Cleaner Enterprises, the technical competence that matters is that of the participants in the training programmes. Particularly noteworthy is the technical competence developed, from a very small base, by

¹⁸ The KTS projects in Guatemala, with their mixed situation concerning demand at various levels, are good examples of this point.

¹⁹ Most KTS projects may be described as 'limited in time' if we establish a distinction between the length of a phase (read, a project) and the length of the relationship with the LPO. Short phases do allow quick exit. The reason why this evaluation does not consider this an important distinction is that local ownership is the main focus here, and local ownership is affected by expectations of continuing assistance, even if that assistance takes the form of separate and independent phases.

UTJ. From relying on six persons with some cadastral training, the unit now has a staff of approximately 140, almost all of whom have received significant training in cadastral matters.

From the point of view of organisational competence, the picture is a more mixed one. Once created with the help of Sida financial support, UTJ has by all accounts quickly reached good levels of organisational (as well as technical) competence. In the NQI projects, the LPO at first showed little organisational capacity and/or interest; this improved, later on, when the Ministry of Economic Affairs assumed control of the project and began to take its responsibilities seriously. In the interim period there were, however, other competent local partners who kept the project going with the help of the consultant. In the CCE project, the LPO was judged by Sida and by the consultant to be organisationally competent, but the same could not be said of the government – especially the MARN.

5.2.9 Swedish Consultants

Finally, in relation to the Swedish consultants the table indicates the type of organisation of the consultant, and their competence as perceived by this evaluation (through the filter of interviews with the LPOs and others), again in relation to the challenges posed by the project.

As far as this evaluation can judge, all the Swedish consultants involved in the projects examined seem to have performed extremely well in fulfilling their obligations. The only – mild – criticism this evaluation heard concerned the fact that not all the individual consultants that took part in the projects were fluent in Spanish, which occasionally gave rise to some difficulties.

As in other situations already studied in the course of the overall evaluation of which the present one is a part, the consultants played a key role in determining project success and ownership, however interpreted. The consultants were generally described as not only technically competent, but also highly committed to their projects and to the LPO, and both trusted and highly appreciated by the LPOs and by Sida. The atmosphere created by this high sense of commitment (or what is described below as co-ownership) was explicitly identified by several of the people interviewed by this evaluation as an important factor of project success.

5.2.10 The Application of KTS in Guatemala: Some Concluding Remarks

It is clear from the analysis above that the application of the KTS form and its characteristics was done very flexibly and pragmatically. This is clear in relation for instance to:

- the whole set up of the Cadastre and Land Registration project (i) where the strategic importance of the project counted for more than a strict interpretation of *demand-driven* and of *competent partners* (ii) where *cost-sharing* is not made into an absolute requirement (iii) where Sida plays much more than the *limited role* it is supposed to play in KTS projects, and (iv) where Sida used the KTS format to extend technical assistance to an agency created and financed largely with Sida money, resulting in a project which, as argued above, radically differs from the typical KTS project;
- the deliberate decision to continue the Cleaner Enterprises project even after CONAMA and the Ministry of Health withdrew from the project's steering committee, and with them any involvement of the Guatemalan government;
- the acceptance of the fact that for a while the National Quality Infrastructure project functioned more or less without an LPO; and, more generally,
- the flexibility shown by Sida in relation to the whole question of competence, absences, withdrawals or changes in LPOs, as well as the confidence it ultimately placed on the capacity of the consultants and other local participants to achieve the projects' objectives.

As in other countries already studied, Sida seems here to have used KTS when this form of aid seemed the most adequate, without allowing too strict an interpretation of what a KTS project should look like to get in the way of implementing good projects – i.e. useful and relevant projects, both for the country and in terms of Sida's priorities²⁰. This strategy seems to have worked: the three KTS projects seem both successful and – as will be seen below – characterised by strong ownership, even if that ownership has not always been by the supposed LPO.

²⁰ The Sida representative in Guatemala, who had earlier been involved with KTS projects, is the source of this formulation, which is confirmed by this evaluation's observations.

Chapter 6

Local Ownership in KTS Projects in Guatemala

6.1 An Overview

In this section we first present, in the form of a table, this evaluation's assessment concerning the indicators referring to various kinds of ownership in the projects studied. This information is added to and elaborated upon in the subsequent discussion.

Table 6.1 presents an overview of ownership in the KTS projects studied by this evaluation in Guatemala. The table distinguishes between ownership of the knowledge outputs, objectives, formulation, and implementation of the projects. For reasons mentioned in Section 2.3.2., ownership of evaluation is not included in the table.

Table 6.1: Ownership in KTS Projects in Guatemala

Project	Phase	Local Ownership				
		Knowledge Outputs	Objectives	Formulation	Implementation	
					Relations with Sida	Management & Monitoring
Cadastre and Land Registration (CLR)	II	H	H	H	M	S
National Quality Infrastructure (NQI)	I ¹	H	H	M	M	S
Cleaner and More Competitive Enterprises (CCE)	I	H	H/L ²	L	M	S/L

¹ A second phase, using unspent money from the first phase, is being considered.

² High for CIG, Low for CONAMA/MARN and the government, who abandoned the project

6.2 Ownership of Knowledge Outputs

This evaluation considers the ownership of knowledge outputs generally high for all three projects. This refers, in each case, to ownership of the knowledge outputs by those people who were in a position of receiving those outputs – largely through training.

As for ownership of knowledge outputs by the LPOs themselves, it is high in the case of UTJ, most of whose staff have undergone some project-organised training, and are by all accounts putting it to good effect. In the case of the National Quality Infrastructure project, ownership of knowledge by the National Quality System of the Ministry of Economic Affairs is also high. Indeed the National Quality System itself may be seen as a direct embodiment of the transfer of knowledge associated with the project. This indicator is obviously less relevant for AGEXPRONT and for CIG (in the CCE project), since these Associations play a role of facilitators without necessarily having much of their staff involved in the training activities.

In the CCE project, ownership of knowledge by the environmental consultants trained by the project and by the industries that developed and implemented environmental management plans (PGA) is clearly high: the industries visited by this evaluation (and, reportedly, all the others that were involved) take their PGAs very seriously indeed, and most of the individual consultants this evaluation met or heard about seem to have fully incorporated the training they received (and about which they were highly appreciative) in their activities²¹.

6.3 Ownership of Objectives

As Table 6.1 indicates, this evaluation found generally high levels of ownership of objectives in all projects. Some qualifications seem in order, however. In the Cadastre and Land Registration project, ownership of objectives by the LPO is high. This evaluation met with a committed team and received the same impression from other interlocutors, such as Sida staff and others interviewed in Guatemala. There are, however, some reasons to doubt the strength of commitment of the Government to the project objectives, both at the beginning of the project (where political will seemed to be lacking) and more recently. Despite the fact that the Government in its declarations indicates that this is of high priority, the Cadastre Law has not been given priority in Parliament, although

²¹ Interestingly, however, some of these individuals complained about the relatively little recognition of their training. Typical of this attitude is the expression of a wish that a diploma would have accompanied the training.

donors have been pressuring for a prompt approval. There is also some evidence of political opposition to a Cadastre and Land Registration Law among some groups.

In the National Quality Infrastructure project, after some teething troubles ownership of objectives by the LPO may be described as high. However, the law creating the National Quality System that has been prepared and negotiated with stakeholders has not yet been included in the parliamentary agenda. All stakeholders interviewed – MINECO, AGEX-PRONT, CIG, and laboratories – expressed high support for the objectives of this project. A clear indication of the LPO's commitment to the project objectives is the fact that it conceived a fallback plan, in case the law creating the National Quality System cannot be presented to Parliament, or is not approved. This fallback plan envisages a government agreement ('*acuerdo gubernativo*') that will ensure the viability of the National Quality System within the Ministry, rather than as a separate organisation – a less than ideal solution, but nevertheless better than an alternative where the system just could not be implemented²².

Finally, in relation to the Cleaner Enterprises project, the ownership of project objectives is high for the Chamber of Industries of Guatemala, and for the industries and individuals involved, as is indicated for instance by the numbers of industries and individual consultants that expressed an interest in participating in the project, some of them even indicating that they would be willing to pay for such participation. Unfortunately, the same cannot be said for CONAMA's successor, the Ministry of the Environment and Natural Resources (MARN), which did not take up CONAMA's position in the project's steering committee, or for the Ministry of Health, which basically abandoned the same committee.

6.4 Ownership of Project Processes

As for project formulation, in the Land Registration Project UTJ now largely determines what services it would like the consultants to deliver, as both the director of UTJ and the consultants have told this evaluation. It also played an important part in the formulation of Phase II of the project. Ownership of project formulation is therefore high at present. In the initial stages of the project the situation was, however, rather different: formulation was reportedly largely done by the Swedish side, at least in the initial stages: a representative of the LPO admitted to this evaluation that in the early stages the LPO did not have very clear ideas about cadastre, and required Swedish help, sometimes even for formulating Terms of Reference. The consultant confirmed this and added that at that stage a

²² This fallback plan is now under way.

visit to Sweden played an important role in giving the LPO an idea of what was possible and in helping focus minds.

In the National Quality Infrastructure project, formulation seems to have been shared between LPOs and consultant, with AGEXPRONT specifying certain elements of the project which were the object of the initial request, the consultant – SWEDAC – adding to those elements and broadening the objectives of the project and, later, the Ministry of Economic Affairs also playing a role. Local ownership of project formulation is thus considered medium.

In the Cleaner Enterprises project, the client learned from the consultant about similar projects the consultant had successfully implemented and made its request to Sida, naming the consultant in that request. Sida then asked the consultant to ‘specify proposals for the [...] project’ (Contract, p. 4). The main role in formulating the project thus seems to have been played by the consultant, and local ownership of formulation may accordingly be described as low²³.

Coming, now, to ownership of implementation, it may be subdivided into two aspects: who owns (i.e. controls, takes responsibility for) relations with Sida, and who owns management (of which monitoring is a part).

Ownership of relations with Sida is classified as Medium for all three projects. In the Cadastre and Land Registration project, after a rather dependent stage the LPO has assumed an increasing amount of responsibility for the project, including contacts with Sida, a fact that is confirmed both by the consultant and by the Sida representative in Guatemala. In the National Quality Infrastructure project, after an interregnum during which the project functioned practically without the main LPO (the Ministry of Economic Affairs), the Ministry assumed its responsibilities as LPO and currently shares with the consultants’ responsibility for the relations with Sida. Finally, in the Cleaner Enterprises project, the consultant reported that both they and the client had frequent contacts with Sida, especially with the Sida representative at the Embassy. What the Sida representative told this evaluation concerning his contacts with clients and consultants confirms these statements.

As for management, responsibility was shared in the case of the Land Registration and National Quality Infrastructure projects, for much the same reasons as presented above for the case of contacts with Sida. In the Cleaner Enterprises project, responsibility for management was also shared, at least until the person in charge of the project left CIG. After that, and largely because of considerable understaffing of CIG, the

²³ In this connection, please see what a representative of the consultant said in respect of project formulation, in Section 5.2.6 above.

Swedish consultant seems to have taken over responsibility for most of this work. This explains the entries in the table for this aspect of ownership: S for the first two projects, S/L for the third.

Although neither the ownership of tendering nor that of evaluation was included in Table 6.1, some observations are needed about these two aspects of local ownership of processes.

In none of the three projects was the *choice of consultant* done by means of a tender procedure²⁴, so it is not meaningful to speak of ownership of tendering. This does not, however, mean that LPOs necessarily feel powerless, or that they are dissatisfied with the choice of consultant. On the contrary, the relations between LPOs and consultants are in general excellent, indicating that, at least *ex post*, LPOs are very happy with the choice of consultant.

Also not shown in the table is ownership of evaluation. In this respect, the situation is the same for all projects. On the one hand, and as noted elsewhere, the LPO plays (or is supposed to play) an important role in project reporting, approving progress reports and co-authoring final reports. This is an important input into the evaluation process, particularly since these reports are often the main basis for Sida decisions on new phases. On the other hand, KTS project evaluations are commissioned by and for Sida alone inasmuch as the evaluators (be these Swedish or not) are selected by, and report to, Sida. There is therefore no local ownership of project *evaluation*²⁵.

6.5 Some Concluding Remarks on Ownership

Some additional remarks are needed to complement and clarify Table 6.1. First, for the CLR project, and although its ownership of objectives, management, knowledge outputs, etc. is generally high, the fact is that, because of its dependence on Sida financial support for current activities, UTJ would only be able to assume responsibility for the project if it could obtain support from other donors. The table fails to reflect this fact because it has been designed for use with KTS projects, and the CLR project is not a typical KTS project. This is, however, an evolving situation. Sida's expectation (we could equally well say 'Sida's bet') is that, after the government approves the Cadastre and Land Registration Law, UTJ will become fully established and the government will begin to fund its

²⁴ It must be pointed out, however, that this is seen by both Sida and the LPOs as changing: currently approved or forthcoming phases of some projects will involve consultants selected by means of tendering, in which the LPO is expected to play an important role.

²⁵ In this respect, Sida differs from other donors, who see the LPO as a co-owner of the evaluation and usually include experts nominated by the LPO in their project evaluations.

current operations, so that the Unit will no longer be totally dependent on donor financial support. At that moment, it will become possible for technical assistance to UTJ to be in the form of genuine or full-fledged KTS projects.

Secondly, the table also fails to capture an important dimension of ownership, namely the way in which it has changed with time. Where currently high ownership is found, this has normally resulted from a process of evolution over time. The indications are that, while ownership may not be there at the outset of a phase or project, it may well be later on – and in the process of developing it, the consultants and their relations with the LPOs play an important part. This was certainly the case in the CLR project (see Section 6.3 above and the preceding paragraph). It was also, in a different way, the case with the NQI project, where the persistence of the consultant and the refusal of Sida to give up on the project gave the Ministry of Economic Affairs time to again become interested and resume its responsibilities as LPO.

A third observation concerns the principal stakeholders in each project. In the Land Registration project the principal stakeholders at this stage appear to be, in addition to the project personnel immediately concerned, the Guatemalan government and Sida itself, in whose priorities as interested and committed donor the project objectives fit well. In the longer term, large sectors of Guatemalan society will also become stakeholders, given the broad scope and strategic importance of this project.

In the National Quality Infrastructure, the original proponents of the project – AGEXPRONT and the laboratories – are just as important stakeholders as the ‘formal’ LPO, the Ministry of Economic Affairs. This is indeed true to such an extent that, during a certain period, these other stakeholders were the ‘salvation’ of the project in the effective absence of the Ministry.

In the Cleaner Enterprises project, the CIG and the enterprises directly involved are the main stakeholders, while CONAMA, who initially proposed the project, disappeared and was not replaced by the Government, as would be its responsibility. All these stakeholders share in the ownership of the respective projects, as a whole or at least in relation to specific aspects of ownership.

With these qualifications, it may be concluded that the situation described in Table 6.1 is a rather positive one. The overall picture that emerges is one of strong ownership of knowledge outputs (i.e., basically, success in the transmission of knowledge) in all three projects, there is in each project someone who strongly owns the objectives (even if in one case this is not the supposed LPO), and in all cases the LPOs share the ownership of implementation with the Swedish consultants, both in what

refers to the relations with Sida and in relation to management and monitoring. If we wanted to sum up in one word the assessment of ownership in KTS projects in Guatemala, that word would have to be “strong”.

Finally, it again emerged – as it had before – that local ownership in an exclusive sense, as the term is used in Sida documents, is not an important aspect of this aid form in the Guatemala. It is rather *co-ownership* in a non-exclusive sense that is, for the LPOs and sometimes also for the consultants, an active concern. This has been clearly manifested in the expressions of appreciation for the consultants, which normally tend to stress the solidarity and mutual trust that developed between consultant and LPO. For this evaluation, therefore, co-ownership again emerges as making more sense than ownership in an exclusive sense.

Chapter 7

Context, Ownership, and the KTS Characteristics: an Interpretation

Before giving an interpretation of the findings of this country study, it is important to stress that, with only three KTS projects (of which one is not typical) to draw upon, generalisation is very difficult, and findings are limited. Indeed, it may be less a matter of drawing general conclusions than of finding out the extent to which the information on the three projects confirms or contradicts certain findings from previous country studies.

We first recall the aspects of the context that seem most important for understanding what goes on in Guatemalan society and the relations between KTS characteristics and local ownership. Then we discuss the impact of the KTS characteristics upon local ownership, taking into account the context.

The context mentioned in Section 3 above could be summarised as follows:

- The peace agreements of 1996 are a reference for the whole country as well as the donor community; they constitute at the same time a source of hope, an incentive and a source of strategic priorities for action, for both government and foreign donors.
- However, because of a lack of political will among the groups that control the state, the peace agreements are only being implemented to a very limited extent.
- Guatemala remains a deeply divided society, with enormous gaps between rich and poor, and with poverty following well-established lines, ethnically and regionally.
- The peace process remains fragile, threatened as it is by ever-present injustice, oppression and violence.
- Political practice is characterised by the existence of an atmosphere of confrontation, in which the opposition in principle does not talk to the government, let alone support any measures proposed by it, and

in which the government does not allow its functionaries to speak to the private sector or its representatives.

- The legislature is largely incapable of taking initiatives, which turns it effectively into a body which can do no more than react to government initiatives, even in the legislative arena.
- The renovation of the state that had been contemplated in the peace agreements, destined to strengthen democracy, transparency and accountability, was in fact replaced by a different kind of reform, with completely different laws, more along the lines of the so-called 'Washington consensus': decreasing state intervention in the economy, privatisation, de-regulation, decentralisation, liberalisation, etc.
- Several of the factors mentioned above cause a paralysis and relative powerlessness of the state, with governments more interested in surviving on a day-to-day basis than in solving problems or in bringing about significant reforms, and with each successive government making *tabula rasa* of the preceding governments' achievements and starting all policy considerations more or less from scratch once more.
- Guatemalan society is characterised by relatively high levels of corruption, but also has a reasonable supply of competent people and – at least potentially – competent and effective organisations. And, last but not least,
- Sida's presence is characterised by a majority of non-KTS projects, reflecting the agency's concern with the Guatemalan situation and its commitment to help consolidate the peace.

Given this context, we may classify the KTS characteristics into the following four groups:

- *Irrelevant* characteristics (for local ownership);
- Characteristics that *inhibit or discourage local ownership*;
- Characteristics that *select likely cases of strong local ownership*;
- Characteristics that *facilitate, nurture or stimulate local ownership*.

The – admittedly limited – evidence provided by the three projects analysed in Guatemala does not point towards a close relation between cost-sharing and local ownership. In Guatemala, this characteristic was applied more or less strictly in one project (CCE), somewhat haphazardly – at least for a while – in another (NQI) and not at all in the third (CLR). And yet, of these it was the latter project that shows higher values for local ownership indicators, followed by the second and then by the first²⁶. This

²⁶ But see what is said in Section 6.5 about ownership in the CLR project.

evidence would suggest that cost-sharing might be largely **irrelevant for local ownership**²⁷.

The characteristic of the ‘standard’ Sida contract mentioned in Section 5.3, namely the *referral of conflicts to Swedish courts*, may **inhibit or discourage local ownership**, in two ways: by weakening the bargaining position of the LPO *vis à vis* the Swedish consultant, and by stressing the fact that, in the triangle of relations Sida-Client-Consultant, the Client (LPO) is the odd one out – as more than one LPO representative also indicated in the course of interviews. This question deserves some additional research, which might conceivably lead to a recommendation aimed at changing this particular article in the standard contract.

Among the characteristics that **select likely cases of strong local ownership** may be included:

- *Content of the technical co-operation*: two of the three projects (NQI and CCE) are typical of other KTS project as far as their content is concerned. When interviewed, the people who participated in these projects were very clear about what they sought from Swedish aid: technical knowledge, not other inputs. This technical knowledge is currently in the process of being actively incorporated, both into the National Quality System (for the NQI project) and into the Environmental Management Plans of firms participating in the CCE project. As has been argued in other country evaluations, the fact KTS projects provide no other inputs than technical knowledge probably plays a function in turning away LPOs that might be motivated by the possibility of obtaining material inputs rather than by the wish to acquire technical knowledge. The LPOs that remain after that exclusion process are those who are likely to experience strong ownership in relation at least to technical knowledge and the projects’ objectives. As for the CLR project, not much can be concluded from it, despite the success of the technical co-operation, because of the importance of the other Sida funded project (through UNDP) for the survival of the LPO.
- *Competent partners*: the evidence from Guatemala indicates that this characteristic plays a crucial role in enabling both project success and strong ownership. Technical competence is especially important in ensuring ownership of knowledge outputs, while organisational capacity plays a role particularly in the ownership of processes such as

²⁷ There are, of course, other rationales for the widely utilised practice of cost-sharing, not least that it tends to increase the recipient’s cost-consciousness and to decrease aid dependency. Given, however, that the main concern of the present evaluation is local ownership of KTS projects, and that neither cost-consciousness on the part of the recipient nor decreased aid dependency have a decisive impact on local ownership, this report is not the appropriate place to discuss these possible effects of cost-sharing.

formulation, relations with Sida and management & monitoring. Selecting competent partners – which Sida is supposed to do when deciding on whether to approve a project – is therefore likely to introduce a positive bias towards ownership (and success) in the sample of LPOs selected²⁸. In the Guatemalan context, this is perhaps the key condition for KTS to be applicable, in the sense that, with no competent partners,

- *demand-driven projects*. Each of the three projects studied responds to a *local strategic need*:
- CLR to a strategic need of the country, as indicated by the peace agreements.
- NQI to a strategic need of exporters, eventually reformulated in broader terms by the consultant, and recognised and adopted by the Ministry of Economic Affairs.
- CCE to a strategic need of firms, particularly but not exclusively exporters.

There was also, in each case, *awareness* of this strategic need, on the part of somebody. For the CLR and NQI projects there were actually *project champions*, in the sense in which the term was used elsewhere in the evaluation of which this study is a part. These champions clearly expressed and strengthened local ownership through the active role they played in ensuring project success. Sida itself was aware of the strategic needs these projects responded to, which is no doubt the reason for its strong, sometimes proactive support for them, described in Section 5.2.4. As far as the CCE project is concerned, both the firms concerned and the CIG were aware of the strategic need, which is no doubt why the CIG proposed the project. CONAMA / MARN, on the other hand, either because of reluctance to co-operate with the private sector or simply because they failed to recognise the firms' strategic need – or indeed for some other reason – withdrew from it, despite their key role in proposing and supporting it in the first place. Interpreted in this sense, the fact that projects are demand-driven does play a role in selecting – or allowing Sida to select – cases where local ownership is likely to be high, especially if the demand is by competent local partners.

On the other hand, the experience with all three projects indicates that if a project is endorsed by the government agency in charge of co-ordinating foreign assistance, this does not by itself guarantee that the project is

²⁸ In one of the projects, indeed, it was not so much a matter of selecting a competent LPO as of betting on the LPO's potential competence. The fact that Sida seems to have won this bet is a good argument in favour of decentralising such decisions to local Sida representatives who know well the situation on the ground. It must also be remembered that, at least in KTS projects, the organisation of the projects into limited phases limits the penalty associated with a wrong decision.

demand-driven and will remain in a high priority for the government. All three projects were, at some point before Sida approval, endorsed by the government, but – no doubt because of the instability and institutional weakness that characterise the Guatemalan context – this endorsement did not help in guaranteeing strong and consistent government support for them. In fact, in one of them (CCE) the government later abandoned the project, in another (NQI) the government was absent from the project for a long time, and even in the CLR project, despite its importance for the peace, the government seems to have had some difficulty in approving the cadastre law that is essential for the project to succeed.

The projects studied in Guatemala indicate that two KTS characteristics **facilitate, nurture or stimulate strong local ownership**:

- The *commitment and dedication of the consultant*: this appeared as the most important characteristic from the point of view of the dynamics of local counterpart commitment. Particularly appreciated were the role played by the ‘resident’ consultants and the fact that the consultants refrained from trying to impose Swedish solutions to the local problems, laying instead emphasis on showing possible solutions and leaving the choice to the local partners. On the other hand, however, the presence and dedication of the Swedish consultants was not enough to persuade the government to remain in the steering committee of the CCE project, through MARN and the Ministry of Health. In that case, the dynamics of commitment evolved in the wrong way, presumably under the influence of pressures related to national politics (see Chapter 3).
- The *commitment and support of Sida* also plays a similar role, although to a lesser degree than in the case of the consultant, reflecting Sida’s lesser involvement, following from its attempt to retain a relatively ‘hands-off’ position in relation to the projects. As one of the LPO representatives said to this evaluation, ‘the fact that we feel supported by Sida strengthens our position even when we are trying to negotiate with the government’.

Not much can be said, on the basis of the evidence available from Guatemala, about the characteristic *limited projects*. The limitations in scope and size most likely play the same role as in other countries. About the role played by the organisation of projects in short limited phases not much can be said because only one of the three projects had gone through more than one phase when this evaluation took place. What *may* be said is that the evidence available from that project in no way contradicts what was said about the role of this characteristic in other country reports of this evaluation (see e.g. the country reports for Ukraine or Lithuania).

As to the *role of Sida*, and apart from the reference to its commitment and support, made above, not much more can be said conclusively on the basis of the Guatemalan experience. Sida's role is clearly not as limited as in other more typically KTS countries. Sida is an important donor, and it seems to have played a more proactive role in KTS projects here than elsewhere, particularly in relation to formulation and broad strategy. It has, on the other hand, apparently succeeded in not getting too involved in day-to-day management questions, largely because of the presence of trustworthy consultants.

Chapter 8

Some Conclusions and Further Discussions

The conclusions presented in this section, in no particular order, partly sum up and partly add to the rest of the report. As in other country reports, they are designed to prime and trigger the general concluding work that will be required at the time of the synthesis report.

a) No awareness of KTS as a special form of co-operation

As elsewhere, KTS as a special form of aid is in Guatemala invisible to its recipients. They are aware of certain of its characteristics – cost-sharing requirements and assistance exclusively in terms of funding consultants are obvious examples (one of these actually created substantial problems for the LPO, because it implied an infringement of local bureaucratic rules). However, these characteristics are seen as so many other requirements and conditionalities that donors attach to the assistance they provide, without becoming, in their mind, identified with a particular form of aid.

b) Considerable flexibility of application of KTS

Such identification is even less likely in the case of Guatemala because of the flexibility with which KTS characteristics are applied. This flexibility is consistent with the view of the Sida representative in Guatemala that, for maximum effectiveness, KTS as an instrument should to be applied flexibly and in a decentralised manner by people who know well the context (country, region) in which they use this form of aid – a view that this evaluation largely supports.

c) Co-ownership rather than exclusive local ownership as the key issue

The finding, already mentioned above, that commitment and dedication on the part of the consultant and, to a lesser degree, Sida, act as an important determinant of project performance as well as of local ownership, confirms the importance, already signalled in the Ukraine study, of co-ownership rather than local ownership in some exclusive sense, as a key issue in the whole evaluation of which this study is a part.

d) Importance of the project champion

Two of the three projects examined in Guatemala again show the importance of the existence of a project champion: a person of strong belief in and commitment to the project's objectives, who will make extraordinary efforts to help the project succeed, and will not easily accept failure. But even project champions require a favourable environment to succeed, especially in terms of institutional support and/or the capacity to influence institutional behaviour. The role of the project champion can be strongly supported, but cannot be taken up, by the consultant.

e) Success, causes and consequences

All three projects examined seem to be or to have been rather successful, despite a variety of problems and even if some of them may be at risk because of the political context²⁹. This raises the question, already mentioned in earlier reports, of explaining the success. A possible explanation for apparent success and strong ownership may be that, in each of the three cases, a capacity provided by the consultant responds directly and adequately to a strategic need felt by the LPO. The fact that (a) there is a need in each case; and (b) this need is provided for by a project where the technical capacity supplied responds well to the need, makes for project success, even when there may be implementation problems. *A priori*, projects of this kind also seem more likely to be sustainable, because the knowledge and the capacities transferred are put to proper use by the LPO.

A second factor of success no doubt relates to the fact that the LPOs involved are organisations with considerable levels of competence – both technical and organisational – and resources. This means that they need far less support in terms of external assistance than would, say, a project in the countryside aimed at reducing poverty among illiterate and malnourished people.

Another question concerns the relation between project success and ownership. The NQI project is a clear case of early ownership (by AGEX-PRONT and the laboratories) helping the project succeed, despite the withdrawal of the formal LPO. At the same time, success clearly breeds ownership. We thus have the makings of a virtuous circle, into which one of the most important points of entry is the role of the consultant in fostering both success and ownership.

²⁹ The UTJ seems especially at risk because, without the approval of the Cadastre and Land Registration Law, it will not be able to operate properly and will, at the same time, experience a cessation of donor funds. The National Quality System also needs a law for the accreditation system to be able to operate in the most effective manner. However, as has been mentioned in Section 6.2 above, in this case the Ministry of Economic Affairs has a fall-back plan which at least provides a compromise solution, without the need for a law, as a way of minimising risk.

f) Implications for the process of consultant selection

The importance of the role of the consultant for project success and ownership naturally raises the question of the likely implications of changing the process of consultant selection, first by introducing a tender procedure from which consultants that were involved in the preparation of a project proposal are normally excluded, and secondly by opening the competitive bidding to other European consultants. On the basis of the information available to it, this evaluation – carried out, it must be stressed, by foreign consultants – views both eventualities with some concern.

The exclusion of consultants from tenders for projects in the preparation of which they played an important role is bound to dissuade Swedish consultants from providing support to LPOs as they often did in the past. The same is true in relation to the active search for competent LPOs with whom to engage in joint development and submission of KTS project proposals. Whatever advantages may result from an open bidding process, they are likely to be at least partly offset by decreased commitment of the consultants (who will come on board projects in the development of which they played no role) and possibly also by a less close relation between consultant and LPO which, as we have seen, is an important factor of project success and strong local ownership.

The opening of the bidding to non-Swedish consultants may further compound these problems, for two main reasons. First, the close, often long-term relation that exists between many Swedish consultants and Sida facilitates contacts between the two (see what the Sida representative in Guatemala said about the possibility of relying on the consultant for certain matters). Secondly, as has been discussed in other country reports of this evaluation, this relation creates a stronger incentive for the consultant to perform well than the normal incentives facing consultants of other nationalities.

g) Ownership levels

Each of the three projects shows in some way that need and priority do not necessarily translate into appropriate government behaviour and the necessary resource allocation for the projects to function. So ownership may be achieved at the micro and meso levels, without necessarily being achieved at the macro or national level, notwithstanding the approval of the national agency charged with the co-ordination of government aid.

h) Suitability of KTS to Guatemalan conditions

Despite the presence of actually or potentially competent LPOs, in none of the three projects was there, right at the beginning, a very strong institutional set-up, capable of guaranteeing project success (indeed, in the

CLR project, there was practically nothing). This means that, at least when the projects started, the institutional environment in which they were carried out was not ideal for the application of this form of aid. Yet – both due to strong commitments on the part of the LPOs or at least of the project champions and because of the consultants' capacity to negotiate with institutions and foster ownership (and, equally important, because of Sida's commitment and patient support) – the projects ultimately achieved success and high ownership. In retrospect, this vindicates the decisions to fund the projects – which constitutes a good argument in favour of the view, mentioned above, concerning the desirability of decentralised application of KTS by people who know well the environment in which they work, and in which the projects are going to function.

i) Offering KTS assistance in a 'non-KTS' country

Last but not least, it seems relevant to reflect on the use of the KTS form of development co-operation in a country that receives more than 100 million SEK in aid from Sweden and is therefore far from the typical 'KTS country'.

A first and important observation is that all three projects fit in with one of the general objectives for Swedish co-operation in Guatemala, namely the promotion of structural changes in the economy. All three projects are also clearly technical co-operation projects responding to strategic needs of the organisations involved. In addition to this, the first two projects – 'National Quality Infrastructure' (NQI) and 'Cleaner and more Competitive Enterprises' (CCE) – are also characterised by the presence of competent organisations capable of playing at least part of the role of LPOs (AGEXPRONT and the CIG). The decision to use the KTS form for these two technical co-operation projects seems for this reason understandable, since the most important KTS characteristics can be found in both projects. In spite of this, the institutional weakness of Guatemala, and particularly of its public sector, represented a risk factor that could have compromised the success of either project. The dedication of the consultants and the commitment and flexibility of Sida played an important role in helping the projects to succeed where a more rigid interpretation of the KTS characteristics – such as could have been applied by people less patient, or less well informed about the country and its institutions – might have resulted in failure.

Purely as a separate KTS project, the CLR project by its characteristics implied an even larger risk than the other two. The extent to which there was demand for it was problematic (the importance of the 'Tema Tierra' for the peace process also made land a very sensitive topic, subject to all sorts of pressures), and it involved an LPO that because of its special situation offered few guarantees of long-term sustainability. It seems highly

unlikely that Sida would have financed the same project if UTJ had been set up with, say, German or Dutch rather than Swedish financial support. On the other hand, however, given that Sida was laying a strong bet on this subject area and this LPO because of their potentially strategic importance for the peace, to add to that main bet another, much smaller and more limited one, in the form of a KTS project that increases the probability of success, makes good sense. This is also an indication of how flexible the KTS 'format' is, since it may be used even in situations where the triangular relationship between Sida, consultant and LPO is very different from that in a 'standard' KTS project.

In these three cases the decision to use KTS as a complement to other co-operation in an environment characterised by significant institutional weakness seems to have paid off, in the shape of successful projects with strong local ownership. This is probably also related to the fact that the decisions to support each of the three KTS projects benefited from the presence in Guatemala of a Sida representative that is well acquainted with the country's situation, institutions and problems. Without such presence and knowledge, if decisions have to be made purely in Stockholm, it might be preferable to decrease risk by a more conservative approach to the application of KTS characteristics. In more 'traditional' co-operation environments, this refers particularly to finding demand-driven projects and competent partners that either are strong organisations or are at least separated and protected to some extent from the institutional environment in those countries. These LPOs should then be paired with Swedish consultants with a good track record of successful KTS projects in difficult conditions, and risk should in any case be minimised by organising projects as successions of short phases with very clear and limited objectives.

The present study thus seems to point towards a number of conditions under which KTS may be applied successfully (in substantive terms and in terms of achieving strong local ownership) in 'traditional' partner countries. These include (i) the possibility of finding sufficiently competent prospective LPOs; (ii) an institutional setup that is either supportive of the LPO and the project or at least makes it possible – and preferably easy – to protect and insulate them from undue interference; (iii) strongly demand-driven projects, in the sense in which the term is used in this report, and more at LPO than at government level; (iv) special care in the selection of the consultant; and (v) willingness on Sida's part if necessary to play a more active role than in 'normal' KTS situations (particularly in supporting and protecting the LPO against its own institutional setup, and occasionally in adopting a more 'hands-on' approach than is normally the case with KTS).

List of References

Sida (1998) *Sida at Work: Sida's methods for development co-operation*. Stockholm: Sida.

Annex 1:

List of Questions used as Guidelines for Interviews

Except for the opening section, entitled ‘General’, questions were taken in no particular order, and not all questions were necessarily asked of each LPO. For consultants and other stakeholders some of the questions were eliminated or suitably changed.

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 the 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 2:

Short Descriptions of the Projects Studied in Guatemala

This Annex contains short descriptions of the projects visited during the field-work in Guatemala. The purpose of this description is to provide a sense of what the project were seeking to achieve and the environment in which they performed. There is no intention to be neither comprehensive in the descriptions nor particular in recounting the activities undertaken by these projects, but to provide the main elements on the basis of which the assessment of KTS project modality has been carried out.

2.1 Development of a Cadastral and Land Registration System

Guatemalan Partner: The Unidad Técnico Jurídica (UTJ), located in the Ministry of Agriculture.

Swedish Consultant: Swedesurvey.

Sida's assistance: SEK 10.220.000

Project Duration: Three years, starting in October 2001 and an extra year, pending on the approval of the cadastre law.

Since 1997 Sida has been supporting the Government of Guatemala in establishing a multi-purpose cadastre and land registration system. The setting up of the system is an important component in the fulfilment of the peace agreements of 1996 and ranges high up in the political agenda. Land issues are considered at the root of much of the social and political unrest in the last decades, as land rights and entitlements have been and continue to be the source of serious conflicts between land owners and peasants, between peasants and between ethnic groups belonging to different indigenous communities. Several aid programmes have been supporting this effort, e.g. the World Bank, UNDP, the Dutch Government, the German Government, the Spanish Government and Sida.

The project is in its second phase. In the first phase Sida provided funds to put the UTJ in operation by channelling resources under the administration of UNDP. On top of this, a KTS project operated. Therefore, one of the KTS con-

ditions, namely the ability of the recipient agency to pay for all local costs of the experts could only be fulfilled through a Sida contribution, which is a demonstration of the flexibility with which KTS projects are implemented. This first phase was mainly devoted to training and the setting of a cadastre unit within the Ministry of Agriculture, the UTJ. It also developed a number of 'pilot cases', which helped test technical approaches, modalities to deal with the population of land users and the training of field-workers. Extensive training of local personnel was carried out, but because of instability of public sector personnel, many left the UTJ for activities not necessary related to cadastral work. This is a very common situation in developing countries and in no way should reflect negatively in the KTS project.

The second phase that started in October 2001 and continues to develop in combination with the Sida project that is financing the UTJ. The objectives of the second phase are to help the UTJ to formulate the Cadastre Law and to see its passage through Parliament, to continue the training of engineers, and technical staff in mapping and geographical information systems, supervise the development of further pilot projects and to support the on-going cadastral work.

Given the importance of the land registration process within the peace accords, many other donors are contributing to UTJ activities. But the donors' community is critical of the pace at which the peace agreements have been implemented. Donors are conditioning the continuation of support to this and other equally important projects to a more full compliance of these agreements by the Guatemalan government. In particular, the support to the UTJ and the future of the land registration process will depend on whether the law is passed through Parliament. This is crucial in that it will create the *Registro de Información Catastral* (RIC, the Cadastral Information Registry), a decentralised body that will supersede the UTJ and will provide a legal status to all cadastral operations, will be funded by the national budget and will generate policies on land issues. The law is in Parliament since October 23rd 2001, but it has not been tabled for discussion and approval.

The discussion is not going to be easy, as the government is presently at odds with vast segments of the political forces represented in Parliament. The Farmers Association (*Camara del Agro*) for example, is worried about the composition of the Steering Council, (*Consejo Directivo*) because they will have one representative among 6 representatives of other non-state interest groups, and therefore will at best lobbying for changes.

These conditions may suggest that this is a high-risk project, but this is debatable. Eventually, the land registration system will have to be put in place because the country cannot continue to postpone the functioning of a system that is crucial in the solution of deeply ingrained political and social problems. The social and political costs of leaving this issues unresolved are simply too high. Therefore, whether the training of technical staff and the setting up of cadastral and registration capabilities are done under less than ideal conditions or under the full legal backing that the law will provide, is secondary. What is important is that these

are sound contributions that will create the required critical mass of expertise and technologies needed, whether the law is approved now or outside the duration of this second stage.

2.2 Cleaner and More Competitive Enterprises in Guatemala

Guatemalan Partner:	Chamber of Industries of Guatemala, CIG (through CONAMA, Comisión Nacional del Ambiente and MARN, the Ministry of Environment and Natural Resources).
Swedish Consultant:	ÅF-IPK.
Sida's assistance:	SEK 3.780.000
Project Duration:	Two years, starting in April 1999 (by the end of the project in June 2001, less than 75% of funds were spent).

The project was started as an initiative of the Camara de Industrias de Guatemala (CIG, the Guatemala Chamber of Industries) in order to help industries comply with a growing set of environmental regulations. The project idea originated in CIG when COMACIG – its environmental commission – was founded in 1994. COMACIG started actions to deal with matters of environmental compliance by setting up environmental plans for 42 branches of their members. The Comisión Nacional para el Medio Ambiente (CONAMA, the National Commission for the Environment) and the Ministry of Health started contacts with CIG in order to co-ordinate actions leading to cleaner production. For CIG, cleaner production implies better acceptance of the industrial products produced by its members, as consumers are becoming more sensitive to how 'green' production is. On the other hand, CIG has realised that much of the pro-environment actions that industries may take, will produce important savings and positively affect production costs, as industries will generate less waste and will make better use of resources, specially water. Therefore cleaner production creates competitive advantages, especially in international markets.

A steering committee was created where, in addition to CIG, CONAMA and the Ministry of Health were represented. However, after the change of government CONAMA was liquidated and the newly created Ministry for the Environment and Natural Resources (MARN) failed to participate in the steering committee, and the participation of the Ministry of Health also ceased, leaving CIG as the only active LPO.

The project aimed to introduce an attitude in industries conducive to the reduction of pollution in the Guatemalan industrial sector. It proposed to reinforce or create local capabilities for environmental auditing, by training a number of environmental consultants (at least 20) through an on-the-job training programme, in which some 30 industries developed and implemented environmen-

tal audits, environmental plans and self-monitoring. The training of the consultants comprised environmental awareness, environmental auditing, cleaner production, impact assessments, environmental management systems (ISO 14000 series), waste water management, and environmental self-monitoring.

What the project has achieved is substantial. In the first place, the firms involved in the project have completed and implemented environmental plans containing improvements dealing with the use of water and the treatment of waste, which have not only resulted in important environmental improvements, but also in substantial cost cuts that will overwrite investments. Most of these industries are looking into other areas in which environmental actions can be equally applied, like the use of energy and fuels. Secondly, some 20 individuals have been trained theoretically and practically up to a level allowing them to turn into Certified Environmental Consultants. These consultants, together with the trainees in each participating industry, represent the multiplying effect of the project, as actions towards cleaner industries can continue to take place after the termination of the project. Many industries not directly involved have indicated interest in developing their own environmental plans, as they increasingly perceive the improvement of environmental conditions not as non-return expenditures, but as investments that are profitable in the long run, as they understand that environmentally sound production processes increase their competitiveness.

As indicated above, the only local counterpart of this project ended being the CIG. CONAMA, the source of the request on the government side, went through deep transformations when the government changed: CONAMA disappeared and the Ministry of the Environment and Natural Resources was created and took over its functions. But as sometimes happens in developing countries, most of the people working in CONAMA were not transferred to the new Ministry, and therefore the interest and the contacts with the project were lost. CIG was in any case designated in the contract as 'The Client', and the disappearance of CONAMA seems to have had very little impact.

Whether this project has affected fair competition is a point of discussion. CIG announced among its members what the project was intended to do and activities were carried out with those firms that have shown an interest. It is true that the programme was oversubscribed and many enterprises and experts that wanted to take part were not able to participate. But, provided recruitment of participating agencies was done on a fair manner, and there is no evidence that there were complaints among CIG members, this is not a situation that will lead to conclude that the project created unfair competition. Besides, it is difficult to imagine how the project could have operated in a non-selective manner.

2.3 National Quality Infrastructure in Guatemala

Guatemalan Partner:	Ministry of Economic Affairs of Guatemala (MINECO)
Swedish Consultant:	SWEDAC – Swedish Board for Accreditation and Conformity Assessment
Sida's assistance:	SEK 9.914.000
Project Duration:	October 1998 to October 2001 (Disbursement not concluded and budgeted until 2003)

The project was originated through the initiative of the Asociación de Exportadores de Productos no Tradicionales (AGEXPRONT, the Association of Exporters of Non-traditional Goods) and the Ministry of Economic Affairs. The project builds on the Programa Integral de Protección Agrícola y Ambiental (PIPAA, the Programme for Integral Agriculture and Environment Protection), which was set up with AID funding.

The Guatemalan economy is highly dependent on its ability to trade in international markets. In order to comply with quality standards required by the WTO or targeted markets, exporters rely on international accreditation agencies, or on quality controls applied upon destination. Both situations imply extra costs to exporters.

Because of this, AGEXPRONT joined forces with the Ministry of Economic Affairs to draft a proposal for a National Quality System to create the national infrastructure for accreditation and quality control. The KTS project designed a proposal for the National Quality System, helped in the setting up of an interim office in the Ministry of Economic Affairs, trained and transferred knowledge to the staff in the different bodies that will be part of the future system.

The National Quality System, as it was designed by the project, proposes a National Quality Council, which will be responsible for the formulation of policies that will guide the operations of the system and it will be its highest decision making body. High-level representatives of the private sector and government will form the Council.

The National Quality System, as proposed in the project, will be formed by four organisations, co-ordinated by the National Quality Council:

- a) The National Information Centre on Standards and Technical Regulations, charged with the dissemination of all the information on standards, norms and regulations in force in Guatemala, the accreditation agencies certified by the system and all new norms that are issued by WTO and ISO. The Centre has to be endowed with hardware and software appropriated to its functions and personnel has to be trained.
- b) The National Standardisation Body, which is meant to issue national standards, is formed by representatives of the government and of the private sec-

tor, and managed under private law. Once created, the project will train technical personnel, including those that will be absorbed from the existing normalisation commissions.

- c) The National Accreditation Body, charged with responsibility of verifying and providing of accreditation to the activities of test, calibration, inspection and certification agencies, in accordance to accepted practices, like ISO, ILAC and nationally defined procedures. It is formed with members of both government and private sector. The training of personnel to be hired to staff several specialised accreditation bodies will be a main task of the project.
- d) The National Metrology Body. This is basically a re-definition of the existing National Metrology Laboratory, under the Ministry of Economic Affairs. The National Metrology Body is charged with guaranteeing that the International Units System is well applied in the production and trading of goods. It will represent Guatemala in international organisations and will supervise conformity of national metrology standards with international ones.

A legislative proposal that creates the system has been drafted in consultation with several interested groups and is awaiting debate in the National Parliament. This law that is pending consideration in Parliament, differs from what was proposed in the project. The main difference is in that the bodies to be created will function under public law, as part of a Directorate under the Ministry of Economic Affairs. The project proposal suggested these bodies to be created under private law. As it is obvious, this change has alienated representatives of the private sector, which sustain that in order to protect it from the vagaries of party politics, the system should be given an autonomous status.

Given the priority that the government has given to other legislative proposals, it is unlikely that this law will have the chance of being discussed in the near future. In order not to lose momentum and guarantee continuity of the efforts carried out so far, contingency provisions to put the system in operation without the law are being implemented. Still, passing the law will guarantee the required financial resources that are needed for its full implementation.

The project has been quite successful in setting up the basis of the National Quality System and in training a number of professionals in the Ministry of Economic Affairs, both locally and in Sweden. The main problems encountered are related to bureaucratic bottlenecks created by the change of government. The project was not considered in the budget cycle and therefore it could not be given counterpart funding. This and a temporary disappearance of the government counterpart – originally it was SEGEPLAN in the Ministry of Finances, and AGEXPRONT, one of the project initiators, being a private sector organisation, was not eligible – made implementation difficult. This is the reason for the delays in implementation and also explains why the project has been extended without new funding until 2003.

The project was ‘rescued’ from governmental oblivion by the Dirección de Calidad y Competencia from the Ministry of Economic Affairs. This office is present-

ly acting as the Sistema Nacional de Calidad, and has been very successful in securing funds to comply with counterpart obligations and to start building up the National Quality System. It has managed to recover the National Metrology Laboratory, has improved some accreditation laboratories in the health sector, has secured a plot of land and produced an architectural design of the buildings that will house the National Quality System, etc.

Annex 3:

List of People Interviewed

a) Sida

Ms. Åsa Stenman	Sida/RELA (The Department for Latin America)
Ms. Anne Danielsson	Program Co-ordinator, Department for Infrastructure and Economic Co-operation

b) Swedish Embassy, Ciudad de Guatemala

Mr. Henrik Riby,	Second Secretary, Sida Representative
------------------	---------------------------------------

c) LPOs:

Lic. Carlos Cabrera del Valle	Director, UTJ – Protierra
Lic. Caryl Alonso Jiménez	Co-ordinator, Co-operation and Programming, UTJ – Protierra
Lic. Juan Alberto Hernández H.	Director, Directorate of the National Quality System, Ministry of the Economy
Lic. Alex Pineda	Directorate of the National Quality System, Ministry of the Economy
Ing. Zsolt Gerendas	Quality Department Co-ordinator, AGEX-PRONT, Quality Manager, Agricultural and Environmental Integral Protection Programme
Ing. Julio César Corado de la Vega	Technical Standards Manager, CIG

d) Swedish Consultants:

Mr. Lennart Karlsson	ÅF/IPK AB (phone interview)
Mr. Sven-Arne Matsson	Project Manager, CLR Project, Swedesurvey AB
Mr. Agust Jonsson	Programme Manager, NQI Project, SWEDAC

e) Other Stakeholders:

Ing. José A. Gutiérrez	Director, Guatemalan Centre for Cleaner Production (CCE)
Ing. Emilio Beltranena Matheu	Research and Consultancy Manager, Technology Centre, Cementos Progreso, former member, COGUANORM (Guatemalan Standardisation Commission) and Higher Council for Quality (NQI)
Ing. Frisly Cornejo	Quality Assurance Manager, INGASA – Industria Galvanizadora, S.A. (CCE)
Ing. Ribelino M. Santos M.	Quality Control Manager, INGASA – Industria Galvanizadora, S.A. (CCE)
Ing. Luis A. Galvéz Capilla	Environmental Consultant (CCE)
Ing. Irma Peláez	Environmental Consultant (CCE)
Licda. Patricia Monge	Executive Director, Cámara del Agro

Annex 4:

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.

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 dis-

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

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.
- *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

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).

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 cooperate 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

Recent Sida Evaluations

- 02/39 Participatory Research in Asia (PRIA) to Support Democratic Decentralisation in India
James Manor, R Parasuram, Anand Ibanathan
Asia Department
- 02/40 Evolving Strategies for Better Health and Development of Adolescent/Young People: a Twinning Institutional Collaboration Project in India by MAMTA and RFSU
Gordon Tamm, Rukmini Rao, Viveca Urwitz
Department for Democracy and Social Development
- 03/01 Sida Support to the PRONI Institute of Social Education Projects in the Balkans
Birgitta Berggren, Bodil Eriksson
Department for Central and Eastern Europe
- 03/02 Swedish Bilateral Assistance in the Field of Migration and Asylum in Central and Eastern Europe 1996–2002
Kjell-Åke Nordquist, Martin Schmidt
Department for Central and Eastern Europe
- 03/03 Deseret's Response to the Challenge of HIV-AIDS in Zimbabwe – Mid Term Assessment
Hope Chigudu
Department for Africa
- 03/04 Sida Support to the Pact Home Based Care Programme in Zimbabwe
Shingaidzo Mupindu, Itayi Muvandi, Paschal Changunda, Caroline Maphoshere
Department for Africa
- 03/05 Zimbabwe National Network of People Living with HIV/AIDS
Shingaidzo Mupindu, Itayi Muvandi, Pascal Changunda
Department for Africa
- 03/06 Village Based Support for HIV/AIDS Orphaned Children in Zimbabwe through Rural Unity for Development Organisation (RUDO)
Nontokozo Mugabe, Phatisiwe Ngwenya
Department for Africa
- 03/07 Professional Activists or Active Professionals?: An Evaluation of Diakonia's Development Co-operation in Latin America 1999–2001
Anna Tibblin, Örjan Bartholdson, Agneta Gunnarsson, Jocke Nyberg, Birgitta Genberg, Mikael Roman, Teresa Valiente
Department for Latin America
- 03/08 Strengthening the Rule of Law in Lao PDR, 1992–2000
Miomir Serbinson, Anna Collins-Falk, Björn Birkoff
Department for Democracy and Social Development

Sida Evaluations may be ordered from:

Infocenter, Sida
S-105 25 Stockholm
Phone: +46 (0)8 690 93 80
Fax: +46 (0)8 690 92 66
info@sida.se

A complete backlog of earlier evaluation reports may be ordered from:

Sida, UTV, S-105 25 Stockholm
Phone: +46 (0)8 698 5163
Fax: +46 (0)8 698 5610
Homepage: <http://www.sida.se>

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).



SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY

Department for Evaluation and Internal Audit

Address: SE-105 25 Stockholm, Sweden.

Visiting address: Sveavägen 20, Stockholm.

Tel: +46 8 698 50 00. Fax: +46 8 20 88 64.

E-mail: info@sida.se www.sida.se