

Contract-Financed Technical Co-operation and Local Ownership

Lithuania Country Study Report

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Abbreviations

ALAL	Association of Local Authorities of Lithuania
ALI	Association of Lithuanian Insurers
BITS	Board for International Technical Co-operation
CCIC	Chamber of Commerce, Industry and Crafts
CCISS	Chamber of Commerce and Industry of Southern Sweden
CPI	Corruption Perception Index
EU	European Union
GDP	Gross Domestic Product
GIS	Geographic Information Systems
IFU	Insurance Institute of Sweden
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
MSSL	Ministry of Social Security and Labour
NGO	Non-Governmental Organisation
SALA	Swedish Association of Local Authorities
Sida	Swedish International Development Co-operation Agency
Sida-Öst	Department for Central and Eastern Europe
SIS	Special Investigations Service
TF	Trust Fund
TI	Transparency International
ToR	Terms of Reference

Chapter 1

Introduction

1.1 General

This report presents the main results and conclusions of an evaluation study carried out in Lithuania, as part of a broader evaluation of contract-financed technical co-operation and local ownership in different national contexts.

Contract-financed technical co-operation (KTS) is one of the aid forms used within Swedish development co-operation 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 projects' 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

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.

arrangement. To guarantee that projects are supported and prioritised by the local partner, and thus that the local partner may be expected to take on the responsibility for the projects in the short and long term, KTS projects should be *demand-driven* and *cost-sharing* should be applied. Further, the partners should be *competent* enough to take on the responsibility and also to benefit from the technical assistance. To make it possible to withdraw the Swedish support as early as possible, and thus avoid aid dependence and ensure a continued strong local ownership, KTS projects should be *limited in time and financial volume*. Hence, the local partner may not count on being supported for several years ahead. This may be expected to create incentives for the local partner to assume ownership. The aid form is also characterised by the fact that the *consultants normally are Swedish* (ToR, 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, for instance, *Sida at Work* (Sida, 1998: 16–17) characterises ownership in a way that emphasises responsibility:

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

Moreover, and still according to Sida, ownership of development aid 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 Lithuania evaluation forms part has three main purposes:

- to study the way in which KTS characteristics are applied in different local contexts;
- to assess local ownership in KTS projects; 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 actually is the relationship between KTS and local ownership (a relationship that is generally assumed, in Sida, to be positive, but has never been systematically verified);
- to generate guidance as to the kinds of countries or partners with which KTS may be used and as to how the KTS characteristics should be applied in different national contexts;
- to come to 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.

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

Lithuania and *Ukraine* represent the Eastern Europe transition countries, one of the two broad groups of countries with which Sida has KTS co-operation. Within this group, the two countries further exemplify different local contexts regarding, e.g., how far the reform process has come, institutional strength and level of development.

Mongolia, *Egypt*, *Guatemala* and *Botswana* represent countries where Swedish development co-operation is managed by INEC/KTS²; this is the other broad group of countries with which Sida has KTS co-operation. The countries chosen represent different geographical regions and typify different local contexts and different KTS histories. *Egypt* is a traditional KTS partner country, with a history of KTS co-operation since the 1970s. *Mongolia* is a recent KTS partner country, with very different conditions for co-operation, compared to Egypt. *Guatemala* is interesting because Sida uses not only KTS but also other forms and methods of co-operation. *Botswana* is a country that, as it developed, moved from traditional partnership to becoming a KTS partner country.

Mozambique is a traditional partner country.

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

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

1.3 Some Comments on the Assignment

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 aid-recipient organisations or LPOs, 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.

The task for this entire study is complex. This complexity arises partly because the KTS aid form means very different things to different people in Sida, ranging from 'nothing special, normal procedure only', to 'a philosophy of aid to be further elaborated'. A further complexity can be added even to this: for its recipient as distinct from its donor, KTS may mean little or nothing as a distinctive form of aid (see Section 5.3 below).

To add further to the complexities, our interviews and discussions in Lithuania indicate that local perspectives concerning local ownership also differ substantially from those of Sida. Most LPOs see local ownership neither as a defining means to project success, nor as an end in itself, as regards this or any other form of aid. Such local ownership as may exist is largely subsumed, implied, latent. It is not explicit, affirmed or contested. Moreover, local ownership is both a social institution and a metaphor, and is also used through KTS as a conditionality. Local ownership is also as much a matter of vision as it is of operation. What 'it means' is found as much or more in connotation as denotation.

1.4 This Country Report

The twin objectives for this Lithuanian study are (a) to carry out the first country study for this evaluation of KTS at work; and (b) to propose working guidelines for the remaining country studies. The selection of Lithuania to serve simultaneously as first country to be studied and trial for the evaluation at large was largely circumstantial.

Issues of approach and method are presented in Section 2. Section 3 presents something of the context that is pertinent to local partner organisations and to KTS projects in Lithuania. It includes references to both the broad national context and to more specific aspects, including the particular context of public organisations. Section 4 presents a short overview of Swedish assistance to Lithuania, including a brief reference to the country strategy. Sections 5, 6 and 7 form the core of this report. Section 5 deals with KTS projects, and particularly the application of KTS characteristics in Lithuania. Section 6 provides an analytical report on this evaluation's principal findings as regards local ownership of KTS projects in Lithuania. Section 7 discusses the relations between ownership and KTS characteristics, and the influence of the national and local context upon these relations. Finally, Section 8 briefly presents the conclusions of the study.

The report is supplemented by three Annexes. Annex 1 presents a set of questions that the team found useful as an overall checklist to have in mind during the interviews with members of the LPOs (and also, in a somewhat modified form, with the consultants). Annex 2 gives short descriptions of the projects visited. The purpose of these descriptions is to give the reader a 'feel' for the projects and organisations visited, and no more than that. This evaluation's main findings, interpretations and conclusions are presented in the body of this report. As a policy evaluation of a particular form of aid, they are not project-specific as regards individual projects. Finally, Annex 3 lists the people met by the evaluation team.

Chapter 2

Approach and Method

2.1 The Fieldwork

The field team for this country study consisted of João Guimarães and Peter de Valk, of the Institute of Social Studies, The Hague, Raymond Apthorpe, part-time Visiting Professor at the National Centre for Development Studies of the Australian National University, and Algis Dobrauskas, independent consultant and Managing Director of Magnus Holdings, of Vilnius, Lithuania. The former three also form the core team for this evaluation. The field team also benefited from the work of Maria Nilsson, who carried out in Sweden a desk study of KTS assistance to Lithuania.

The fieldwork upon which this report is based took place over the period 4 to 25 October 2001. The three core team members arrived in Vilnius at the beginning of this period and there met up with the Lithuanian team member. For some interviews, he acted as translator. Informally throughout, and over one morning formally, he briefed the rest of the team on the aspects of the Lithuanian situation that he considered pertinent to the work. Briefing and debriefing meetings were held with the Embassy Counsellor in Vilnius, close to the beginning and the end of the field study.

Eight KTS projects³ were ultimately selected for analysis in Lithuania, based on criteria such as project scale and importance, length of co-operation and complexity, sector, type of consultant and how the consultant was selected. The eight projects are:

- Community Social Service Pilot Projects
- Land Information System
- Programme for Co-operation between Prison Departments
- Strengthening of the Lithuanian Association of Local Authorities
- Development of Lithuanian Insurance Education

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

- Regional Development Planning (co-operation Aylus-Jönköping counties)
- Strengthening of Vilnius Chamber of Commerce
- Transport Planning for Vilnius

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. Most of the interviews took place in Vilnius, but one of the projects required a visit to Alytus county, in the southwestern part of the country, and another a visit to Trakai, not far from Vilnius.

In most cases, a second and even a third visit to a project was made, so as to deepen understanding reached in the first and to talk with as many of the stakeholders concerned, but most especially project personnel. In all these cases as one would expect, more was learned about the project or its organisation, than in the first visit.

Visits were also made, wherever useful and practicable, to users and other beneficiaries of project outcomes, as well as other stakeholders. However, the more distant these were from the directly concerned project personnel, the more ill-defined, remote and last resort their interests in the project appeared to be.

The questions asked of the LPOs and other stakeholders 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 project content.
- Content of the co-operation.
- Priority of the project, ownership of objectives, stakeholders.
- Origins and demand for the project.
- Contract, contract management and the 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 LPO.

The team also had a significant number of interviews, in person or by telephone, with consultants in Sweden. Interviews with Sida staff were also held in Stockholm.

The interviews were supplemented with analysis of project documents made available to the evaluators by Sida and by several of the people interviewed.

Every effort has been made in this report to protect the confidentiality of information gathered in the course of this evaluation, and to keep it non-attributable.

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, 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, compe-**

tent partners and the use of **Swedish consultants**, and tend to be applied in a variety of different ways.

These KTS characteristics are discussed one by one below, and indications are given of how some of them have been operationalised for the purposes of this study through the use of indicators. Before that, however, it must be stressed that their nature and importance are not necessarily fixed in practice or theory. The parties involved in the triangle of relations that is at the heart of this evaluation may have different perceptions in relation to the KTS characteristics, and each might wish to use its own indicators. The characteristics are also not, or not all, specific to the KTS aid form alone.

2.2.2 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 its ToR.

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

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

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 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’ – in the case of Lithuania, for instance, clearly for eligibility for EU accession or, more generally, for setting up a well-functioning market economy.

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

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

In the first of these, the consultant works primarily as a trainer, and passing on knowledge is the main purpose of the co-operation; in the second, the consultant places his or her knowledge at the client’s service (e.g. by helping the client to make certain choices), and the knowledge transfer that may take place relates to tacit knowledge and is a side-effect of the client and consultant working together, rather than a consequence of a training process.

2.2.4 Contractual Arrangement

In the KTS aid form as seen by Sida, the contractual arrangement between Sida, the LPO and the consultant is a, or even **the**, defining characteristic. By using the form of contract-financed co-operation, Sida expects or hopes to achieve the following objectives. *First*, the LPO (the ‘client’ in the contract) is expected to learn market practice (as opposed to aid practice) by designing contracts and using them to control the activities of the contracted consultant. *Second*, when the KTS aid form replaces

long term co-operation, it is expected to provide an exit from aid by offering technical assistance for a limited period. *Third*, the KTS form is seen as a way of helping, in the context of transition, countries in Eastern Europe to set up market economies. At Sida, KTS is seen as a clean way of organising aid, with Sida's role limited to financing the contract.

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

At least in theory, the contract defines clearly the mutual obligations between consultant and LPO, and empowers the LPO to act as the buyer as in a 'normal' commercial relation. However, all finite contracts are incomplete: no matter how much effort is put into identifying possible alternative scenarios, some remain undefined and are not provided for in the contract. 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, nor one that was likely to enhance 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.

2.2.5 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.

It is also important to assess the direct involvement of Sida in the day-to-day running of the project (what could be described as the degree of its 'hands-on' involvement⁴). 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.

2.2.6 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 eas-

⁴ 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.

ily 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 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 aid⁵. Presumably, someone in Sida also tried to make sure that the demand for it was genuine. All this has little to do with the question of who had the original idea. Even if the original idea was Sida’s or a consultant’s (or resulted from the need to upgrade systems to European standards, such as in the projects described under A.2.3, A.2.6 and, to some extent, A.2.2), and if one or the other of these actors played a strong role in selecting, formulating and promoting the project, it would be considered for funding if requested by some local organisation through the appropriate channels. 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 perceived as a distinct 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,

⁵ It also does not help much to see who actually produced the project proposal. An analysis of a number of projects indicated that there seems to be a difference in practice between INEC and Sida-Öst, in that in INEC the proposal should come from the LPO (even if sometimes it was prepared with support from the consultant), while in the case of Sida-Öst several proposals seem to have come directly from the consultant.

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 need⁶. 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 opt for a 'Yes/No' scale, rather than one with several values.

2.2.7 Cost-Sharing

Sida defines cost-sharing as the extent to which LPOs provide resources and implementation costs for in-country project activities. But no prescription is made as to what this proportion should be, and greatly 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 resources⁷.

⁶ 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'.

⁷ It is very general as regards project aid, not only KTS, that a contribution to local costs is required of the local partner. However, the importance of cost-sharing may not be seen in the same way by the local partner as by Sida. For example what may be uppermost, on the plane of project costs, to the LPO may be the proportion of total costs spent on the Swedish consultants, activities in Sweden, a rule against supporting local consultants costs, etc. In which case little if any significance may be attached by the LPO to cost-sharing.

2.2.8 Limited Projects

As the ToR 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 volume⁸. The second of these characteristics relates primarily to the fact that they tend to be relatively short consultancy projects, with a small material component or none at all.

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

The ‘limited in time’ characteristic relates to the extent to which the project is a once-off intervention. However, where an individual project tends to be one in a sequence, although it might appear, on paper, the result of a stand-alone decision, it is important to capture both the history of the project and expectations of the LPO and the Swedish consultant as to what might come next. It must also be observed that, where institution-building is the content of the technical co-operation, presumably all parties would agree anyway that what is required takes time.

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

- *Low*: The project is at least 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 follow⁹.

⁸ 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.

⁹ Clearly, what is ‘short’ or ‘medium’ term is largely relative. In the KTS context, and only as a broad guideline, we use ‘short-term’ to refer to projects lasting up to 18 months, and ‘medium-term’ to describe projects lasting up to three years or so.

2.2.9 Competent Partners

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

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

This evaluation distinguishes the following values.

(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 reasonable 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.

2.2.10 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; an NGO; a semi-public agency; or, a Swedish government agency or the consultancy arm of such.

(b) *Professional Competence*

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

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

It is evident from the ToR and from some of our discussions in Stockholm that, for some people in Sida, 'local ownership' is a key, defining, issue for 'good co-operation'¹¹. Whether this is similarly the case for the co-operation partners 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.

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 ie. those hired by the company but for example not named in the contract.

¹¹ For some others in Sida, however, local ownership was not seen as a key issue for good co-operation; indeed they approached the subject of good co-operation without much, if any, reference to local ownership.

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*¹².

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

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

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

Ownership of an *objective* may be equated with a commitment to that objective, as can be ascertained by examining the documents as to priorities and the like. Whether this ownership can be translated into ownership of processes (see next) clearly depends on the local partners' capacity or or-

¹² This formulation deliberately uses the view of projects that underlies the Logical Framework Approach.

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

2.3.3.1 *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.

2.3.3.2 *Ownership of Project Outputs*

a) *Goods and Services*

Ownership of goods and services (project inputs or outputs) is characterised in terms of rights of access, use and property and the corresponding

obligations (including fees). These 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 partner 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.

2.3.3.3 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 LPO.
- *High*: The project is ranked as important for the purposes of the LPO.

2.3.3.4 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 – which of course does not mean that this aspect will not be discussed.

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

Lithuania: the National and Organisational Context

3.1 General

As is explained below (see Section 7.2), the broad national context and the more specific context of public or publicly-owned organisations play an important role in influencing both local ownership and the apparent success of KTS projects in Lithuania. This section gives a summary presentation of the main aspects of the context, beginning with the more general or macro aspects and then moving on to those that are more specific to the types of organisations involved in KTS projects. For obvious reasons, it is not possible to give here more than a sketchy presentation, which will inevitably fail to do justice to the richness and complexity of the situations and phenomena described. These aspects are further elaborated, as necessary, in subsequent sections.

3.2 The National Context: A Country in Transition

Like most countries until recently part of the Soviet empire, Lithuania is, and has been for more than ten years now, a country in transition. This transition is first and foremost a movement away from subordination to the powerful neighbour that had deprived the country of independence, and from an organisation of the society and the economy which resisted modernisation and failed to deliver prosperity and freedom, except for a few. It is also a movement towards an increasingly democratic social and political system and towards a modern capitalist economy, where economic actors have considerable freedom of choice but are also daily confronted with opportunities and threats that tax their decision-making capacities.

After a sharp economic decline immediately following independence (GDP contracted by one-third between 1991 and 1993), the Lithuanian economy experienced reasonable growth rates starting in 1995. Growth was only interrupted in 1999, because of the Russian crisis, but resumed in 2000. GDP per capita in 2000 was estimated at 3287 Euros. Relative

contributions of the main sectors to Gross Value Added were estimated for the same year to be 7.5 percent for agriculture, forestry and fishing, 26.3 percent for industry, 6.2 percent for construction and 60.0 percent for services.

After a bout of hyperinflation that reached 1021 percent in 1992, a currency board was set up in 1994, pegging the litas to the US dollar. As a consequence, inflation was brought under control: consumer prices increased by only 1 percent in 2000. Unemployment, virtually unknown under central planning, rose to a maximum of 17.4 percent in 1994 and, at 15.4 percent in 2000, remains rather high. The situation is aggravated by the fact that there are considerable regional differences in employment levels, with unemployment approaching 18 percent in some districts, while the rate in the capital, Vilnius, is only 7.5 percent. As a general conclusion it may be said that, despite some serious problems – not all of which are close to being solved – the Lithuanian economy has weathered the transition better than those of other former Soviet countries. This has meant that the country has retained more degrees of freedom in its economic and social policy than other, less successful, economies. The forthcoming integration in the EU, and the associated possibility of benefiting from transition funds for the moment, and from structural funds after integration, means that the economic prospects are at least reasonably hopeful.

Understandably in the light of recent history, Lithuania's foreign policy priorities focus on security and stability, on assuring the continuity of the State and on creating favourable conditions for its future and prosperity. Not surprisingly, full integration in the European Union – with all that this implies in terms of drastic reforms of the economy and the society – is the main objective of Lithuanian foreign policy. EU integration is seen as one way of ensuring political stability, reinforcing the country's European identity and ensuring its modernisation and economic development. The importance, for the survival of the country and for the preservation of its national and cultural identity, of active participation in European political and economic co-operation is emphasised by the memory of fifty years of Soviet occupation.

In the past few years, Lithuania has therefore been actively and rather successfully engaged in policies of legal and structural reform and institution building aimed at allowing the country to comply fully with the obligations stipulated in the EU legislation and regulations, the so-called EU *acquis*. *Lithuania's EU Accession Programme 2001–2003* is the main instrument used by the Government to plan the EU integration process and to monitor progress. The programme is integrated into the national strategic management and budget planning systems, and comprises a consistent set of integration objectives, priorities and implementation measures

designed to ensure Lithuania's readiness to effectively enforce the *acquis* from 1 January 2004, the target date for accession. In addition to legal reforms, implementation of the *acquis* entails institution building to ensure that by 1 January 2004 Lithuanian institutions will have sufficient administrative capacity to implement membership obligations.

The reasonable economic performance during transition means that policy is not excessively constrained by scarcity of available resources and by the need to allocate them to the solution of pressing day-to-day problems. At the same time, the particular circumstances that characterise the national context provide both organisations and individuals with powerful incentives to perform well in the implementation of reforms. Indeed, these are seen as a way both of making possible the country's integration in the modern, European world and of ensuring that there is no going back to the days of foreign dominance.

3.3 The Special Context of Public Organisations

Public organisations in Lithuania are regulated by the Law on Public Administration, which dates from 17 June 1999. In Article 3, this law distinguishes 'public service' and the 'administration of public services provision':

'Public service' means the activities of special institutions and organisations founded by the state or local authorities and providing services in the social sphere, in the sphere of education, science, culture, sports and other services provided for by law. Private persons may also provide public services in the cases and manner provided for by law.

'Administration of public services provision' means the activities of entities of public administration in laying down the rules and arrangements of public services provision, setting up public institutions or issuing permits for the provision of public services to private persons as well as monitoring and control of public services provision. No fees or other charges may be collected for the administration of public services provision.

In relation to public services provision administration, Article 14, No. 2 states that the institution of public administration which administers the provision of a certain public service in accordance with the sphere of management established by the Law may not itself provide the service.

In practice, public services are provided by licensed private persons or by specially created public or municipal companies, which may charge for the services. The administration of public services provision is carried out by institutions of public administration (e.g. the state or municipalities),

which cannot themselves perform the service, and which may not charge for this work. In addition to providing the public services for which they were created, public or municipal companies may also compete in the market against other companies (public or not). They also have a considerable degree of autonomy, since they are allowed to realise profits from their activities and to determine the salaries of their employees.

This system maintains a useful separation between the two kinds of function and allows both the state and local governments a considerable measure of flexibility in providing and charging for public services as well as competing in the market for services, through companies set up for that purpose. The fact that they compete in certain markets for services does, however, pose a potential problem for Swedish aid: by helping, say, the state or a local government, Sida may in fact sometimes be helping such companies. This strengthens them and allows them better to compete against other public or private companies in the market for services. In this way, Sida would be breaking its own principle that Swedish aid should not distort competition in the recipient countries.

3.4 Other Aspects of the Context: Democracy, Administrative Capacity, Corruption

In an assessment of Lithuanian democracy the European Commission concluded, in its 1997 *Opinion on Lithuania's application for EU membership*, that "Lithuania demonstrates the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities". In the year 2000, the Commission stated that "Lithuania continues to fulfil the Copenhagen political criteria", but stressed the need to continue the fight against corruption and the reform of the judiciary.

Despite the continuing need for administrative reform, public organisations seem relatively strong and capable, certainly in comparison with organisations from other former Soviet countries. In relation to administrative capacity, the report on *Lithuania's Progress towards Accession to the European Union, July 2000 – June 2001*, in its chapter of general evaluation and conclusions, states that

... a new generation professional civil service is already functioning in Lithuania. The priority for the near future is strengthening of the central agency responsible for implementation of public administration reform (Ministry of Interior). Centrality of the Government's Strategic Planning Committee in approving important decisions and the higher use of concept papers (e.g. on integration of the National Development Plan into the overall budget-

ary planning cycle; taxation, anticorruption strategy etc.) significantly contributes to the narrowing of the gap between decisions and their practical implementation (p. 208).

Important steps recently taken in connection with implementation of the Public Administration Reform include:

- approval of amendments to the Law on Civil Service designed to streamline the procedures of recruitment to and dismissal from the civil service;
- adoption by the Government of the rules concerning the procedure for imposing disciplinary sanctions upon civil servants for misconduct in office; and
- initial steps in the elaboration of the Code of Ethics of Civil Servants.

In 2000, a strategic planning cycle in Lithuania has been fully introduced in the sector of public policy planning. To strengthen the enforcement of the strategic planning mechanism the focus on review of planning has shifted towards management by results. In parallel with this, strategic planning groups in the ministries have been established and are from now on responsible for the drafting and supervision of ministerial strategic action plans. This is expected significantly to enhance the efficiency of public policy planning in Lithuania.

Finally, the fight against corruption, already initiated some time ago, continues. Lithuania is preparing for ratification of the Council of Europe Criminal Law Convention on Corruption. At the same time, the drafting of the Anti-corruption Law, which will regulate anti-corruption activities and systematise the measures and mechanisms of their implementation, and of the associated national Anti-Corruption Strategy is in the final phase of completion.

Meanwhile, the Special Investigations Service (SIS), Prosecutor General's Office and High Commission of Ethics in Office continued the fight against corruption. The Special Investigation Service is the key co-ordinating anti-corruption agency. An independent institution accountable to the Seimas and the President, the SIS has been founded for the purpose of fighting corruption and co-ordinating the functions of state institutions engaged in prevention and control of corruption. It gathers and processes information about corrupt civil servants, criminal associations, individuals who are preparing or who have committed crimes; it co-ordinates and consolidates all anti-corruption efforts, co-operates with other law enforcement institutions and the Lithuanian National Bureau of Interpol.

While still a problem, corruption in Lithuania is improving in public perception, as evidenced by the fact that, between 2000 and 2001, the country's rank among those surveyed by Transparency International (TI) im-

proved by five positions, from 43 to 38. The Corruption Perception Index calculated by TI improved by 0.7 points, from 4.1 to 4.8 on a scale of 10 (where 10 = highly clean). Lithuania's CPI value places it about one-third down the corruption perceptions table, close to countries such as Slovenia, Malaysia, Jordan, South Africa and Costa Rica, and higher (in many cases far higher) than all ex-Soviet countries, except for Estonia.

Chapter 4

Swedish Assistance

4.1 Introduction

Swedish support to Lithuania started very soon after independence in 1990, mainly through BITS (the Board for International Technical Co-operation, which merged with three other Swedish aid agencies in July 1995 to form Sida). 'East-support' was channelled through BITS since it had long experience in working in middle-income countries. The fact that BITS mainly worked through Swedish companies or public agencies was seen as an advantage for the contacts and trade between Sweden and the new recipient countries: then as now, the instructions to Sida concerning 'East-support' included an explicit reference to the objective of strengthening links between Swedish society and the societies of the East European aid recipients, which Sida interprets as meaning that aid should also promote Swedish business. The new support did not, however, fully adopt the KTS format: not only was aid to the new recipient countries subject to country strategies, it also involved some investment support in areas of special interest to Sweden, a concept that was alien to ordinary BITS operations.

East-support almost doubled the budget of BITS (Andante Consultants AB, 1996, p. 9), which meant that each new country received a much larger budget than the traditional KTS countries. Of the three Baltic countries, Lithuania is the largest single recipient of Swedish assistance, with a total in excess of one billion SEK between 1990 and 1999.

4.2 The Country Strategy

The overall objectives for Sweden's current co-operation programme with Lithuania are:

- to promote common security interests;
- to deepen the culture of democracy;
- to support a socially sustainable economic transition; and
- to support environmentally sustainable development.

Support to Lithuania's efforts to achieve EU integration has been and remains an overall objective for the Swedish co-operation programme with Lithuania. Much of this assistance focuses on helping Lithuania harmonise its institutions with EU practices. All co-operation with Lithuania must reflect a gender perspective.

Swedish assistance is mostly channelled via Sida, and focuses primarily on knowledge transfer and advisory services (i.e. largely KTS-type projects), except in the environment and energy field, where Sweden has financed large investments in plant and equipment¹³. Much co-operation takes place, with Sida funding, directly between municipalities, county administrative boards, public authorities and NGOs, in Sweden and Lithuania.

¹³ These large investments are primarily aimed at reducing discharges of pollutants from Lithuanian cities into the Baltic Sea, at better and more efficient energy conservation and at improving the safety of the Ignalina nuclear power plant. They can therefore be said to refer to areas in which Sweden has direct interests at stake.

Chapter 5

KTS Projects in Lithuania

5.1 General

Importance

Measured in numbers of projects rather in volume of financial resources, most Sida support to Lithuania follows the KTS format. This also includes the Trust Funds (TFs). Currently there are two TFs in Lithuania, one in social service development and one in health. TFs are distinguished from ordinary KTS support by the fact that someone other than Sida administers the TFs – in both these cases the World Bank. From the recipient point of view, the support is the same, except possibly for differences in style of management. In the past, the agreement between Sida and the World Bank on how TFs should be administered stipulated that at least 75 percent of the funds had to flow back to Sweden, i.e. a Swedish consultant had to be used. In practice, given the small size of the projects and the senselessness of hiring more than one consultant, this usually meant 100 percent.

Direction of Support

The direction of support regarding sectors has shifted since support has started. Initially, infrastructure, forestry and land reform were priority areas, but currently there is greater concentration on institution building, the social sector and democratic development. Support is also no longer to be provided in the form of ‘courses and seminars for general or basic management, business administration and market economics training’, since training in these former high-priority fields is now available in Lithuania. Most KTS projects in Lithuania have gone through several phases or involved several different agreements. This means that very few can be truly described as limited in time, in the sense in which this term is used in connection with KTS.

5.2 The Application of KTS Characteristics in Practice

5.2.1 General

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 complemented and elaborated upon in the subsequent discussion, which focuses on how each of the KTS characteristics was applied, in the eight projects examined by this evaluation.

5.2.2 KTS Characteristics in Lithuania: A Synoptic View

Table 1 presents the values of the indicators referring to the application of KTS characteristics, for each of the eight KTS projects examined in Lithuania. The use of question marks in some cells of the table indicates that the evaluation team could not, on the basis of the evidence available to it, come to a firm conclusion as to the respective characteristic. All the assessments in the table refer to the current or most recent phase of the respective projects.

Table 1: Application of KTS Characteristics in Projects in Lithuania

Project	KTS Characteristics									
	Content of Co-operation	Use of Contract Power ⁽¹⁾	Direct Involvement of Sida	Demand Driven	Cost-Sharing	Degree to which Project is limited	LPO Competence		Swedish Consultant	
							Technical	Organisational	Type of Organisation	Competence
Community social service pilot projects	C +K+T	I	L	Y	L	M	M	M	Semi-public	H
Land information system	T+C+K	I	L	Y	M	L	H	H	Semi-public	H
Co-operation between prison departments	C +K+T	I	L	Y	L	L	H	H	Public	H
Strengthening the Lithuanian Association of Local Authorities	C+K	I	L	Y	M	M	M	M	Semi-public	?
Development of insurance education	T	I	L	Y	H ⁽²⁾	M	M	H	Semi-public	?
Regional development planning	C+ K+T	I	L	Y	L	L	M	M	Public	H
Strengthening of Vilnius Chamber of Commerce	C+K+T	I	L	Y	M	M	M	M	Private	?
Transport planning for Vilnius	C+T+K	I	L	Y	L	M	H	H	Private	H

Legend: C: consultancy
H: high
T: training
M: medium
I: low
K: transmission of (implicit) knowledge
?: not enough information
I: irrelevant

Notes to Table 1:

1. This refers only to the use of the contract in conflict situations. Of course, by defining the parties' behaviour and helping form their expectations of the other party's behaviour, the contract also plays an important role in conflict prevention.
2. Most of the cost-sharing was borne by the Lithuanian Insurance Association. Most of the training, on the other hand, was implemented by the University.

5.2.3 Content of the Co-operation

The first column of Table 1 indicates what this evaluation found as the main content of the co-operation, in each of the projects analysed. Consultancy, together with the associated transfer of tacit knowledge, is the dominant content in most projects, followed by training. Only one of the projects, namely the insurance education project, is more or less pure training. In the other projects, training tends to take second place to advice and consultancy. One aspect of the content of the co-operation, not captured in the table, deserves a mention here: the fact that, in accordance with the KTS concept, in none of the projects is there a component involving the transfer of significant quantities of equipment or other material resources to the LPO. KTS projects – and, as indicated elsewhere in this report, Sida aid to Lithuania more generally – are very much ‘aid without computers’.

5.2.4 Contracts and Contract Power

As Table 1 shows, in none of the projects examined by this evaluation has there been an attempt by the LPO to use the contract in order to induce the consultant to act in particular ways. Several of our interlocutors indicated that their relations with the consultant were based on co-operation and that any differences of opinion tended to be discussed and solved without any need to refer to the contract¹⁴. It is, however, important to stress that at the same time the contract was not seen by them as irrelevant: indeed, by defining the roles and responsibilities of the two main parties involved, the contract helps prevent problems between them. As one of the LPO staff interviewed put it, ‘The project was an inseparable part of the contract and it was implemented strictly observing its articles’.

5.2.5 Limited Projects and Sida's Limited Role

These two characteristics of KTS are taken together because they interact very strongly with each other. As was mentioned in Section 2.2.9 above, KTS projects are supposed to be limited both in duration and in financial volume. At the same time, and for mainly the same reasons,

¹⁴ This is to the credit of both the consultant and the LPO. As discussed below at some length, it may also be partly a consequence of the common position of both parties as agents, in a relationship in which Sida appears as the principal.

Sida is supposed to play a very limited role of financing the contract, without interfering directly in the relationship between LPO and consultant (see Section 2.2.6, above).

The KTS projects visited by this evaluation were all relatively short-term, involved relatively small sums, tended to involve very clear and limited objectives, agreed upon by all parties before any agreements are signed, and each phase had to be concluded and reported upon before the approval of a following phase. They are therefore clearly limited in some sense. Their limited duration is, however, undermined by the fact that in many if not most cases the co-operation with LPOs goes through phase after phase (each presented and approved as a separate project), over periods that in some cases may exceed ten years. As Table 1 indicates, none of the eight projects examined was clearly perceived by the LPO as a short, once-off event, to be followed by no other phase or project. Even LPOs which had had only one project at the time they were visited indicated that they were preparing, or had just submitted, or had just had approved, new projects or phases.

There is, on the other hand, an important role played by successions of limited duration projects: that of creating the possibility for Sida to break off aid at relatively short notice. This constitutes both an incentive for the two contract partners (client and consultant) to perform well, and a control mechanism for Sida to assess and reward their good performance. If we take this aspect into account, the limited nature of Sida's intervention suddenly appears rather illusory, even if, as Table 1 also indicates, Sida in Lithuania adopts a 'hands-off' approach to formulation and everyday implementation of KTS projects¹⁵. As one of the LPO staff interviewed indicated,

At the end of every project, the project results were presented to Sida by emphasising the problems requiring further support. Sida was directly involved in finding solutions for funding [the tasks indicated as necessary] and deciding upon the success of the implementation of the previous projects. Sida also ascertained whether the projects are in line with the priorities raised by the Government of the Republic of Lithuania.

5.2.6 Demand-Driven Projects

In relation to the requirement that KTS projects be demand-driven some observations seem important in relation to what this evaluation found in the course of the fieldwork. First, and as has already been hinted at in

¹⁵ This argument will be worked out in greater detail in Section 7.2 below, when discussing the relation between the application of KTS criteria and local ownership.

Section 2.2.7 above, the question of who identified a project in the first place, i.e. who had the original idea that eventually led to the project, is often impossible to ascertain within the constraints within which this evaluation works. Secondly, even when it can be answered satisfactorily, the answer is of little consequence. A local partner organisation can become fully interested in and committed to a project even when – as in some projects examined in Lithuania – the idea originated with Sida, with the consultant or with another party¹⁶. Thirdly, the form of co-operation – especially the fact that KTS projects bring few other benefits than the knowledge they are about – plays a role in ensuring that projects for which Swedish assistance is requested are projects in which the LPO is really interested.

Furthermore, it emerged from several of our interviews that there is a time dimension and a dynamic aspect to this question. As the LPO acquires competence and confidence, partly as a result of the KTS co-operation itself, it becomes increasingly capable of independently defining its own needs and priorities, and of identifying further projects or stages. As this happens, projects tend to be more demand-driven.

With these qualifications, all the projects examined were considered by this evaluation to be demand-driven. All of them responded to felt needs of the LPOs and, as will be mentioned below, a substantial number even have strategic significance for the LPOs, some indeed to such an extent that they are at the core of these organisations' strategies for change.

5.2.7 Cost-Sharing

Table 1 clearly indicates that the principle of cost-sharing is applied flexibly across projects. In some, the LPO's share in project costs is quite high, while in others cost-sharing amounts to the in-kind contribution of the resources that the LPO assigns to the project (such as staff time, facilities, etc.). It is also applied flexibly *within* projects: in a number of the projects examined, cost-sharing started in the early stages at very low levels – and was initially in kind only. As the situation developed (not only in the projects but in the country as a whole), some LPOs bore an increasing share in the project costs, including some costs that were not in kind (e.g. local transport, hotel costs for local participants, translation and interpretation costs, etc.)

Most of the LPO staff interviewed felt that cost-sharing is no different in KTS than in other projects, and did not see it as particularly meaningful

¹⁶ A review of a number of KTS projects in Mongolia, Egypt, Lithuania and Ukraine revealed that both INEC and Sida-Öst sometimes take initiatives that lead to new KTS projects. Swedish consultants also sometimes take the initiative.

or useful, rather as a nuisance. On the other hand, a few people did state clearly that they saw cost-sharing as a way of strengthening ownership, and basically ‘a good thing’¹⁷. Arguments adduced in support of this position were that cost-sharing:

- strengthens the LPO’s motivation and sense of the value that the project has;
- strengthens the LPO’s position in negotiation with both Sida and the consultant; and
- makes the LPO more critical in assessing projects proposed or suggested by foreign donors or consultants.

5.2.8 Competent Partners

Given the evidence available to it, and with the caution inherent to the limitations already mentioned, this evaluation can state that it found most of the Lithuanian LPOs competent, both technically and organisationally (see Table 1). They all had sufficient technical capacity to take advantage of the knowledge transfers associated with their own projects, and to perform the management functions required of them by the agreed process of project implementation, and some had indeed considerably more capacity than just the necessary minimum¹⁸.

Also worth noting is the perception, which this evaluation shares with the majority of both the LPO and the consultant staff interviewed – and even some outside observers – that, in the process of co-operation (and partly as a result of it), those capacities evolved and grew significantly. Indeed, some of the projects analysed played a key role in the development of those capacities – given, of course, that they had a basis to build upon.

5.2.9 Swedish Consultants

The majority of the Swedish consultants in Lithuania are public or semi-public organisations. Swedesurvey, the Swedish Prison and Probation Administration, the Swedish Association of Local Authorities, and the De-

¹⁷ It should, however, be kept in mind that these people were talking to an evaluation mission which, however independent, they probably identified with a donor that is strongly committed to cost-sharing. It is also significant that they only expressed the idea that cost-sharing is ‘good’ for ownership when explicitly asked how they saw the relationship between the two.

¹⁸ It would obviously be difficult – as well as inappropriate – for this evaluation to carry out an objective and in-depth assessment of the levels of technical and administrative competence of all the LPOs and Swedish consultants, given time constraints and the diversity of fields in the eight KTS projects examined. The assessment of competence – of LPOs and Swedish consultants – done here is based on the interviews, on the results of the projects as this evaluation could assess them and on general perceptions of the competence of various individuals and organisations found in Lithuania, particularly among people conversant with the substantive areas of the various projects.

partment of Social Work of Stockholm University are some of the most important consultants. There are also some private consultants, including Peter Engström & Co, Jakko Pöyry Consulting AB and INREGIA AB. Most consultants were not selected through a tendering procedure, in some cases because there is only one Swedish organisation with the necessary know-how and in others because prior contacts between LPO and consultant were determinant in the choice for the next phase.

The evidence obtained by this evaluation in Lithuania points towards exemplary performances by the Swedish consultants. They seem to be not only competent in substantive terms but also excellent at building relationships with the clients. They seem to have been particularly adept at informing the clients about possible solutions to their problems without imposing or even advocating a particular model, much less a Swedish model (when one may be said to exist). This approach, and the respect the consultants show for the client's decisions, have done much to strengthen relations, which in turn plays an important role in ensuring both strong local ownership and project success, through the development of mutual respect, trust, and a sense of common endeavour with shared objectives.

5.3 The Application of KTS in Lithuania: Closing Remarks

Constant and Variable KTS Characteristics

An examination of Table 1 reveals that certain of the KTS characteristics are present much more systematically than others. Among the former, we find the low direct involvement of Sida in project formulation and everyday management, the demand-driven character of projects, competent Swedish consultants and competent partners¹⁹. Cost-sharing is the characteristic applied with greatest variability while the characteristic of limited projects occupies an intermediate position (although none of the projects examined could be described as really limited, in the sense of being both short term and once-off).

Invisibility of KTS to Local Partners

An interesting – and somewhat surprising – finding of this Lithuania study was that LPOs had great difficulty in identifying KTS as a particular type of aid with specific effects that could be attributed to it, even though they are not unaware of at least some of the KTS components, such as e.g. cost-sharing, no equipment aid, short projects, Swedish con-

¹⁹ All these characteristics must be interpreted in the sense in which they were operationally defined in Section 2.2.

sultants, etc. Even the contract, with the power it is supposed to confer on the LPO as client, may not even be specifically identified as a characterising feature. In Lithuania, KTS aid appears to be seen by its seekers and recipients as little different from other forms of aid – except that as contrasted for example with German aid it is ‘aid without computers’, i.e. without a significant equipment component.

This does not make questions about this form of aid irrelevant, but it certainly makes it more difficult to find useful answers to them, particularly in interviews with LPOs that are much more used to project than to institutional evaluations.

Chapter 6

Some Findings on Ownership in KTS Projects in Lithuania

6.1 General

In this section we first present, in tabular form, the values at which this evaluation arrived for each of the indicators referring to various kinds of ownership in each of the projects analysed. This information is both complemented and elaborated upon in the subsequent discussion, which focuses on each of the different aspects of ownership in the eight projects examined by the evaluation.

In general, the evaluation found high levels of local ownership – however defined – among the majority of the KTS projects examined in Lithuania. From the limited evidence available, and even though such a judgement falls outside the evaluation’s ToR, it would also appear that most of the KTS projects examined are characterised by considerable success.

6.2 A Synoptic View of Local Ownership

Table 2 presents an overview of ownership in the KTS projects examined. A short explanation may help the reader understand the table better. The table distinguishes between ownership of objectives, of formulation, of implementation and of knowledge outputs of the projects.

Predictably, considering that KTS projects deliver a minimum of material resources to the local partners, *ownership of resources* was not an issue in most of the projects.

Table 2: Ownership in KTS Projects in Lithuania

Project	Phase	Ownership ⁽¹⁾				
		Knowledge Outputs	Objectives	Formulation	Implementation	
					Relations with Sida	Management & Monitoring
Community social service pilot projects ⁽²⁾	III	H	M/H	M/H	M	L/H
Land information system	IX	H	H	H	M	S
Co-operation between prison departments	IX	H	H	M	M	S
Strengthening the Lithuanian Association of Local Authorities	II	H	H	H	M	L/M/H ⁽³⁾
Development of Lithuanian insurance education	I/II	H	H	M	M	S
Regional development planning	I	M	H	M	M	S
Strengthening of Vilnius Chamber of Commerce	II	M	M	M	L	L
Transport planning for Vilnius	II	H	H	H	M	S

Note: S: – shared with consultants

Notes to Table 2:

a) General

- All the assessments in the table are made with regard to the current or most recent phase of the respective project. This is important because, in many projects, and as indicated elsewhere in this report, in several cases there has been an evolution of ownership. Moreover, previous phases were often not in KTS form.
- Except where otherwise indicated, the assessments in the table concern primarily ownership by the LPO.

b) On specific entries:

- (1) The question of exactly who owns must still be addressed. It may be the board, the project manager, or the whole department where the TA is received. In addition, which elements are owned require further specification.
- (2) The assessment in this row depends on which organisation is considered as the LPO: the Ministry or the Project Implementation Unit (Min/PIU).
- (3) Over time, ownership of implementation went from Low to Medium to High.

6.3 Ownership of Knowledge Outputs and Project Objectives

As Table 2 shows, this evaluation generally found strong *local ownership of the technical knowledge* transferred by the KTS projects and equally strong *local ownership of (or commitment to) project objectives*. This seems to have been a constant with almost all the organisations interviewed in the course of the evaluation.

Ownership of knowledge is obviously related to the technical competence of the LPOs, who generally took good advantage of the opportunities for learning provided by the projects, by integrating this learning into their organisations' activities.

6.4 Ownership of Processes

A more mixed picture prevails in relation to the *ownership of project formulation*, where some local partners reported accepting elements of another's agenda. This was, in one particular case, what happened in relation with gender issues, the inclusion of which in a project formulation was accepted by the LPO primarily because it was seen as important for the donor. In some other projects, important elements in the project formulation were associated with the need to implement European rules or standards.

Finally, the picture in relation to *ownership of implementation* was decidedly mixed. This evaluation found that relations with Sida were perceived by most LPOs as being a shared responsibility between themselves and the Swedish consultants. With respect to project management, some of those interviewed indicated that project management had been more or less completely done by the consultants, others affirmed that they themselves

played some role in management, and in yet other cases the LPO either assumes most responsibility for managing project implementation or shares that responsibility – and the management – with the consultant. When our interlocutors reported this management to have been carried out mainly by the consultants (sometimes as specified in a contract) it was valued positively, again particularly for its results but also for its style and atmosphere. In the LPO view this in no way diminished its own responsibility (seen as shared responsibility), implementation and control – or, as Sida and this evaluation would say, local ownership.

Of course, implementing a project implies more than just taking the initiative in managing it. Parties have to comply with the various arrangements made, quality of inputs matter rather than just quantity, active participation rather than mere presence. Encouragement and inspired leadership on the side of the LPO is not just measured by who manages the project. Regrettably, however, many of these aspects lay outside the possible sphere of our evaluation not only because of limitations of time and method but also because many of these aspects can only be observed as and when they actually happen.

Although, for the reasons mentioned in Section 2 above, neither the ownership of tendering nor that of evaluation were included in Table 2, some observations are needed about these two aspects of local ownership of processes.

In none of the projects examined in detail was the *choice of consultant* done by means of a tender procedure²⁰. In some cases, there was only one Swedish organisation that could realistically play the role of consultant, and therefore no choice²¹. In other cases, the consultant and the client knew each other beforehand, and collaborated in developing the project proposal, as a result of which the choice of consultant was more or less automatic. On occasion it was Sida that found the consultant and put it in contact with the LPO. This does not, however, mean that LPOs necessarily feel powerless and excluded from the process. On the one hand, the relations between LPOs and consultants are in general excellent, indicating that, at least *ex post*, the LPO is quite happy with the choice of consultant. On the other hand, LPOs do play a certain role in vetting the experts that work for them. There was, for instance, one long-running project where the LPO indicated that it now chooses the experts it wants the consultant to deploy for certain aspects of the project. In this same case and in another, certain experts posted by the consultant were found unsuitable

²⁰ It must be said, however, that this is seen by the LPOs as changing situation: currently approved or forthcoming phases of some projects will involve consultants selected by means of tendering, in which the LPO expects to play an important role.

²¹ A few of these cases involve forms of twinning, which is supported and stimulated by Sida.

by the LPO. In both cases, after the matter was discussed with the consultant, the experts were changed.

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*²².

6.5 Some Additional Remarks on Ownership

6.5.1 Results Not Local Ownership Perceived as a Contested or Strategic Issue

This evaluation notes that what emerged as uppermost in our interlocutors' representations to us about their projects was not whether or not local ownership had been achieved, easily or otherwise, or as means or end, as a result of the KTS modality. Rather it was whether individual projects were perceived as having succeeded or failed to meet their stated and agreed objectives, and benefited their organisations accordingly. In other words, theirs was a results-oriented concern.

This difference in perspectives, with ownership typically a donor concern and results the main concern of the recipient, is on reflection not very surprising, since it mirrors the different roles and values of donor and recipient in the aid relation.

Where, however, local ownership was not an issue explicitly affirmed or contested or otherwise brought up locally, this requires careful interpretation. It does not mean that – by some working definition or other – local ownership was found to be lacking also on some implicit plane that could be 'talked up' by specific questioning.

6.5.2 The Project Champion

In the majority of projects examined, this evaluation discovered the importance of a dynamic project manager for providing leadership in implementation on the side of the LPO: a *project champion*. In some cases it

²² In this respect, Sida differs from other donors, who see the LPO as a co-owner of the evaluation and normally include experts nominated by the LPO in their project evaluation missions.

was the director of the organisation itself who acted as project champion. In the majority of cases there was a separate project manager reporting to the director and a project steering committee. The relationship between the project and the rest of the organisation was often carried by the project champion with the steering committee playing a more passive and supportive role. Generally, no problems were reported to exist between the project manager and the director.

Where a project champion can be identified, he or she plays a key role in relation to local ownership, in a double sense. From the project's (including the consultant's and Sida's) point of view, it is the project champion that represents – and in a sense embodies – local ownership of processes. This is true especially of implementation, but often also of formulation and of relations with Sida and the consultant. For this reason, the project champion is usually the interlocutor of choice for the other two parties in the triangular relation that is the central focus of this evaluation. From the LPO's point of view, the project champion represents the interests and requirements of the project, sometimes to the extent that the project is again identified with that person. The project champion thus finds him or herself in the key position of a pivot, and plays a crucial role in achieving success and sustainability of project objectives.

6.5.3 The Time Dimension

Finally, it should be noted that there is in relation to local ownership an important time dimension which is not captured in Table 2. Ownership grows with time. This is true of ownership of objectives, especially when projects are successful: success brings commitment. It is also, and perhaps more interestingly, true about processes: several LPOs reported that in the early stages (or early phases) of their projects the consultant bore the brunt of formulation, contacts with Sida and project management. However, as time went on and the LPOs' competence increased (partly as a consequence of the project itself), they took on an increasing share of responsibility for those processes.

6.5.4 Which Kind of Ownership Matters Most?

A comparison of the situations in relation to the various types of ownership defined raises some interesting questions. Perhaps the most important of these is *'which kinds of ownership matter most?'* If it is possible, for instance, as we found in one case in Lithuania, for a local partner organisation to have strong ownership of the project objectives and of the knowledge transferred without owning fully (or, as in our case, at all) the processes of formulation and implementation, perhaps ownership of project formulation, or of implementation (as indicated by initiative in management), may not be as important as might appear at first sight.

Chapter 7

Context, KTS Characteristics and Ownership: Shifting Questions

7.1 General

The ToR for this evaluation cautiously refer to a study of ‘the relationship between KTS and local ownership’. No causality is implied in this formulation. As we conclude below, various types of relationships may exist for different types of projects. Moreover, a proper assessment of whatever relationship may exist between KTS characteristics and ownership must take into account other factors influencing ownership. In this section, some further thoughts are developed on the relationship between KTS characteristics and aspects of local ownership. This is true in particular for the nature of the contract, cost-sharing, demand-driven projects, Sida’s limited role, the notion of limited projects, and the importance of the project impact. From this discussion, we conclude that the KTS approach in Lithuania can be seen as a selection and management instrument for enhancing success in projects.

To understand issues of ownership and success, it is necessary to examine the KTS approach in broad terms and in context, rather than (more narrowly) focusing on just the KTS characteristics. An overview of other factors that also have implications for ownership and success is therefore provided in Section 7.2 below.

7.2 The Influence of the Context

Before entering into a discussion of the influence of KTS characteristics on ownership, it is important to stress the influence of the national context and of the specific context of organisations – particularly public sector or public sector-related organisations – upon project success and local ownership.

The context described in Chapter 3 above could be summarised as follows:

- Lithuania has weathered the transition from central planning to a market economy better than most ex-Soviet countries; this has allowed it to retain greater freedom in its economic and social policy than other, less successful, countries. The forthcoming integration into the EU also means that economic prospects for the country are reasonably hopeful.
- The consolidation of democracy and of independence from Russia provides a powerful incentive for reform-oriented policies and projects. According to the European Commission, Lithuania shows the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities.
- Despite the continuing need for administrative reform, public organisations seem relatively strong and capable, certainly in comparison with organisations from other former Soviet countries.
- The prospect of EU integration, and the associated implementation of the *acquis communautaire*, provide organisations and individuals both with incentives for reform and with a relatively easy way of setting their own reform priorities for the short and medium term. They also clearly function as a strong source of incentives, both for the organisations concerned and for the individuals who work in them.
- Public organisations in Lithuania are regulated by the Law on Public Administration, which distinguishes ‘public services’ and the ‘administration of public services provision’. In practice, public services are provided by licensed private persons or by specially created public or municipal companies, which may charge for the services. The administration of public services provision is carried out by institutions of public administration (e.g. the state or municipalities), which cannot themselves perform the service, and which may not charge for this work.
- Important steps recently taken in connection with implementation of the Public Administration Reform include: (i) approval of amendments to the Law on Civil Service designed to streamline the procedures of recruitment to and dismissal from the civil service; (ii) adoption by the Government of the rules concerning the procedure for imposing disciplinary sanctions upon civil servants for misconduct in office; and (iii) initial steps in the elaboration of the Code of Ethics of Civil Servants. In addition to this, a new generation professional civil service is already functioning in Lithuania.
- In 2000, a strategic planning cycle in Lithuania has been fully introduced in the sector of public policy planning. To strengthen the en-

forcement of the strategic planning mechanism the focus on review of planning has shifted towards management by results.

- Finally, the fight against corruption, already initiated some time ago, continues. While still a problem, corruption in Lithuania is improving in public perception.

These conditions, and particularly the relatively strong organisations in the public sector and the strong incentives for reform, help explain why this evaluation has found so many projects that can be classified as success stories, as well as strong local ownership of project objectives and processes.

7.3 Contracts

The contract is at the core of the definition of KTS projects. As this evaluation was told several times, the LPO (the ‘client’ in the contract) is expected to learn market practice (as opposed to aid practice) by designing contracts and using them to control the activities of the contracted consultant. This is also related to ownership: ‘normal’ contracts are clearly expected to lead to the LPO assuming the control and responsibility which are so closely related to ownership, however defined.

Our interviews with representatives of local partner organisations revealed another perception. In reply to the question whether they could see any difference between the Sida project aid and project aid of other donors, no reference at all was made to the nature of the contract. The contract was perceived as similar to other agreements between donors and local partner organisations, with Sida’s position as a financier ‘outside’ the contract seen as no more than a peculiarity of little consequence.

As indicated in Section 5.2.4 above, we also enquired (directly and indirectly) whether the contract was ever invoked for corrective action when the LPO was dissatisfied with the Swedish consultants or when disagreements existed between the two parties. Invariably, the answer to this was negative. Relations between Swedish consultants and LPO were reportedly such that differences of opinion were solved smoothly during meetings and other discussions.

Moreover, it frequently happened that it was the Swedish consultant that drew up the contract. This, in a context where the consultant often also writes the project document, reports to Sida and bears a large part of the responsibility for managing the project, further added to the perception of a ‘normal’ aid relation rather than one weighted in favour of the client. This impression is strengthened by an analysis of the contract model proposed by Sida, variants of which were adopted in several of the

projects. First, the parties have to inform Sida in writing about ‘any event or situation that may necessitate changes in the scope, character, execution of the services, budget or other aspects of the contract’, and to obtain Sida’s approval for changes such as replacement of personnel by the consultant, or reallocation of financial resources within the budget. Secondly, article XI of the model contract states that the contract shall be governed by Swedish law (and a comment adds that the parties are advised not to agree on any other governing law), and article XII states that arbitration of disputes shall be performed by one sole arbitrator and shall take place in Stockholm.

Thus as far as we were able to establish within the limitations of our methodology, the contracts were not perceived as instruments of control, or sources of special power – and, through this power, ownership – for the LPO in its relation with the consultant. This does not mean that they do not play a role in ensuring success and ownership, by organising the co-operation and clarifying roles and expectations. This role, however, is not as special as the emphasis on the contract might lead us to believe. All aid – as well as other financial arrangements – is normally the object of a contract of some sort, designed precisely to organise the co-operation and clarify roles and expectations of the parties involved.

7.4 Sida’s Role

Similarly, in terms of contracts, Sida is not invisible. First of all, and quite naturally, there is the contract between Sida and the LPO (called the letter of agreement), which plays an enabling role in relation to the contract between the LPO and the Swedish consultant. Secondly, and as indicated in the preceding paragraph, in the contracts drawn up for the various projects visited and in the standard contract form drawn up by Sida, we can see that various responsibilities of the consultant and the LPO towards Sida are regulated, either directly or by referring to the terms of reference, the project proposal, or similar documents describing the project in greater detail. The payments schedule, arranging the financial transfers from Sida to the Swedish consultant and referred to in the standard contract, requires regular reporting to Sida on progress and expenditure. These reports must be signed for approval by the LPO. Moreover, a joint final report to Sida is prescribed.

Thus, even if it is not a signatory to the contract between the two parties, Sida has a very strong presence in it, as the principal to whom both client and consultant – in the position of agents – have to account for the use of the resources. This role is further reinforced by certain other KTS characteristics, as is discussed in the two Sections below.

7.5 Limited Projects

In this Section we refer particularly to the ‘limited in time’ aspect of KTS projects.

All KTS projects current when we visited Lithuania were limited both in time (mostly between one year and eighteen months) and in resources (all less than 10 million SEK, with most below 3 million SEK). Yet, most projects are embedded into larger sequences of projects, of which they end up forming phases (see Section 5.2.5). This came as no surprise, since most of the institutions visited face strong challenges, and institutional capacity building of the type required cannot be achieved in a short period. The regularity with which this happens is bound to create expectations among the LPOs and consultants for more of the same – as indeed we confirmed in our interviews with them.

Thus (i) the reality of the succession of short projects, (ii) the LPO’s and the consultant’s expectations or aims concerning further Sida funded co-operation after the current project or phase ends, and (iii) the dependence of the approval of a new phase on good performance during the preceding one, give Sida a very strong position and a very important, even decisive, role in the process as a whole. What is more, this role can be played efficiently, with a relatively small commitment of human resources, because of the way in which the incentive system works on LPO and consultant alike.

This confirms the view, put forward above, of Sida as a principal. While principal-agent relationships can change over time, can occur at different levels of organisations, and while some actors may find themselves in the dual role of both principal and agent, the reasoning above suggests that Sida can at least be perceived as the ‘distant principal’, steering and controlling the project implementation process through both the contract itself and the succession of contracts. Thus the ‘limited role’ may be an illusion. This may explain why some of the LPO people we interviewed, faced with questions about Sida’s limited role and non-interference in the relations between LPO and consultant, tended in their answers to stress the position and role of Sida as ‘the donor’, i.e. the principal financial provider, with the rights that are normally assigned to such an entity.

7.6 Principals, Agents and Incentives

To the extent that we can perceive Sida in the role of distant principal, the Swedish consultant and the LPO become the agents. In this triangular relationship, there may be an incentive for collusion between the agents in biasing the information they provide to the principal about project success. This incentive appears even stronger when assessed in the

context of small but sequenced projects. Both the LPO and the Swedish consultant want continued co-operation. This will more easily come about when the last project or phase is seen as a success.

Three questions arise from this: *First*, what are the perceptions and expectations of the Swedish consultant and the LPO with regard to future co-operation financed by Sida? *Second*, what do these expectations imply for the behaviour of the Swedish consultant and the LPO? *Third*, how does this affect Sida's role as distant principal in terms of its ability to steer and control?

The first question has already been partly answered above. The Swedish consultant is conversant with Sida's practice and thus expects a long project broken up into several phases. When asked about the sequences of short projects, LPOs first referred to the flexibility of this approach, since new projects often arise from the previous phase or project. Some also indicated that the first project in the co-operation took the form of finding out what could be done in the field relevant to the LPO, by visits to Sweden and presentations by Swedish consultants and others of what was being done in other countries. This first project then led to more concrete and better-informed proposals for subsequent phases. Some LPOs also reported that the limitations of time (and resources) in each phase acted as a constraint preventing them from developing longer-term targets. In all cases, however, LPOs were clearly aware of the sequences of short projects or phases and of the importance of succeeding in one to get another one approved.

With regard to the second question, the possibility to extend the co-operation with the LPO to future projects strengthens the incentives facing the Swedish consultant for showing good results to Sida but also for being appreciated as a good partner by the LPO. After all, Swedish consultants want business, regardless of whether they are a commercial organisation or not. Many consultants' predominant reliance on Sida's funds to sell services makes them very dependent on these contracts and their extensions. Such consultants will try to transfer the full range of their expertise to the LPOs over a number of contracts. All LPOs commented on their impression of the Swedish consultants being very client friendly, knowledgeable, open to suggestions, and easy to work with. Besides, in several cases good personal relations had developed between individuals of both organisations. We got from the interviews with the LPOs the consistent message that Swedish consultants were ideal partners to work with²³. Thus Swedish consultants were not only perceived by LPOs as competent in their substantive areas of expertise but also as good at handling the complexities of the aid situation.

²³ Admittedly, no negative comments were made about consultants from other countries either.

A similar logic applies to the LPO. Given its interest in longer term co-operation in view of the strategic challenges it is likely to face, it has no reason to reveal any dissatisfaction with the consultant as long as the consultant performs in a minimally satisfactory way, because it perceives the consultant as a broker between itself and Sida for Swedish aid. The distance from Sida is larger for LPOs than for Swedish consultants. They depend on the consultants for continuity.

A mutual dependency relationship therefore develops, of course within the confines of an at least reasonable delivery of services. After all, the LPO can always look for another donor and consultant. However, this also entails transaction costs.

As for the third question, the effects are more uncertain. On the one hand, there is the possibility of collusion stimulated by the sequence of projects as mentioned above. Yet, as distant owner, every new project within the sequence provides a moment of enhanced Sida influence over project design and implementation. Evaluations (or their possibility) can be used as instruments for control (particularly since no participation of the LPO is included in the evaluation designs). Applications have to be approved and Sida's desk officers can visit the LPO for more information, feedback and suggestions.

If we accept that institutional capacity building is a multi-year process, the need for multi-year institutional development projects becomes obvious. Within this context, organising aid in terms of sequences of limited projects provides the donor with more effective control over the implementation process than would be the case with longer-term projects. This may be a result of deliberate design or just a fortunate side effect. The interviews we had with Sida in Stockholm gave us no reason to believe in the former (design). Yet, in addition to enhanced flexibility, the practice of limited projects in a sequence will inevitably have this effect.

This mechanism may also be expected to strengthen local ownership, in the sense that it gives the LPO, more or less from the beginning of its co-operation with the consultant, notice that only by showing success will there be a possibility of continuation. Assuming that the LPO is really interested in the co-operation, it is therefore 'forced' to assume responsibility for the project practically from the word 'go' – even if that responsibility is shared with the consultant.

7.7 Importance of Project Impact

In this section, we argue that the impact that the project has on the LPO may be particularly useful for understanding ownership in the context of economies in transition. The transition phase involves abolishing, reori-

enting and rebuilding old institutions and establishing and developing new institutions. The desire to move away from the Soviet system, to adopt modern (West-European) standards and to fulfil the requirements for accession to the EU act as strong motivating factors. New laws and acts provide the legal framework. The local context may be characterised as an environment of change.

All projects and organisations visited by this evaluation in Lithuania are deeply embedded in this context, and derive from it much of their motivation and long-term goals. Consequently, they all reflect the priorities of change in their design, although to different extents. This implies that a large number of the projects examined have strategic significance for the organisations implementing them.

In about half of the projects, this strategic significance seemed so great that the sequence of projects itself appeared as a core instrument for changing the organisation. In those cases, the LPOs derived their organisational priorities from the projects as they progressed, rather than the projects fitting into some predefined set of priorities.

Other projects were more mixed in this respect, and had a weaker impact on the organisation as a whole. In one case, this was the result of a specific project context defined by a great deal of competition; a second example concerned a case with a separate implementation unit outside the LPO; a further instance was provided by a project where the technical assistance was transferred to target groups outside the LPO; yet another case was a project with multiple stakeholders as LPOs with the ultimate beneficiaries in the large scale private sector.

These observations lead us to the following classification of projects with regard to impact:

1. Project is not a priority of the organisation
2. Project has a low priority for the organisation
3. Project is contributing/realising one of the established priorities of the organisation
4. Project is preparing for the design of future project co-operation
5. Project is used as a strategic change instrument

During the sequence of projects implemented by a Swedish consultant and an LPO these attributes may change over time as project-induced learning takes place. Several project managers interviewed confirmed that they only learned how to put their own mark on the project design after the initial phases: a project that started as type (4) can result in any of the other types. A low priority project can facilitate learning, resulting in a higher priority follow-up project.

More important however is the realisation that when a project is at the core of an organisation's strategy for change (type 5), it becomes almost part of the identity of the organisation, becomes, in some sense, what the organisation is about. The aid form then becomes less relevant for the LPO while the substance of the aid becomes more important. The LPO would find the substance of what it needs anyway, through other donors or using its own resources, almost (in the extreme case) irrespective of the form. The projects characterised as type (1) to (3) tend to lie outside the core of the LPO and may be seen more as objects than as part of the subject. Differences in aid form may then be more important in deciding what projects to choose, which donor to approach.

Local ownership is likely to be stronger as we move from types 1 to 5. It is likely to be non-existent or weak for types 1 and 2, significant in types 3 and 4, and very strong in type 5. Indeed, the expression 'local ownership' may be too weak to describe the relation between the LPOs and projects of this latter type²⁴.

7.8 KTS Characteristics and Local Ownership

Taking into account the findings of this evaluation concerning use of KTS characteristics and local ownership, the above classification of project impact, the ambiguous nature and effects of some KTS characteristics, the general and project-specific context, the incentives and control systems, what can one say about the relation between use of KTS characteristics and local ownership?

A first observation is that Tables 1 and 2, by themselves, provide only limited possibilities for discriminating among different situations. For instance, all the projects examined in Lithuania are assessed as demand-driven. It is, therefore, not possible to use the information in the table to assess the impact on local ownership of this characteristic of KTS. Other kinds of reasoning are needed.

We first present a possible interpretation of the two tables in terms of relations between KTS characteristics and local ownership. This interpretation is clearly based on more than just the tables themselves. It is also informed by the discussions about and around KTS characteristics and ownership. Several of the statements made below must at this stage remain at the level of hypotheses, waiting for confirmation in the light of further data.

²⁴ Compare this classification with what is said about demand-driven projects at the end of Section 2.2.7. Projects of types 3 and 5, and possibly also 4, are what is meant there by projects which respond to a strategic need of the LPO: type 3 because it fits in with the LPO's existing strategy, type 5 because it provides the possibility of developing or changing such a strategy (as well as the organisation as a whole), and type 4 because it opens the way for the LPO to choose further projects of those two types.

Taking into account the analytical difficulty in even distinguishing them (even despite the distinctions and definitions in Section 2.2.7), ‘demand-driven’ is likely to be closely related to ‘ownership of objectives’. The same is probably true of the content of the co-operation, particularly of the rule excluding significant material support to the LPO. Both characteristics are likely to ensure that only LPOs who are genuinely committed to the objectives of development of knowledge apply for KTS assistance. This is compatible with the information obtained by this evaluation concerning these two characteristics and concerning ownership of objectives.

Cost-sharing, on the other hand, seems to have a much less close relation to ownership of objectives, at least in the sense that this evaluation found strong local ownership even in projects where cost-sharing was insignificant²⁵.

A third likely association is between technical competence of the LPO (or, in some cases, of the stakeholders who benefit directly from the transfer of knowledge) and ownership of the knowledge outputs of the projects. All the LPOs were thought to have at least the necessary competence to take advantage of the knowledge transfer, and the ownership of knowledge is seen in all cases to be high or medium. It is likely that this be positively correlated with the Swedish consultants’ competence as well.

As for local ownership of processes, ownership of formulation is likely to related to the LPO’s technical competence, and ownership of implementation to its organisational capacity. The fact that ownership of implementation is often shared with the Swedish consultant is a reflection of the consultants’ willingness and of the good relations established between LPOs and consultants, in turn a function of the organisational capacities of both.

Finally, given the context and the role played by the incentives that work on the LPO and consultant, Sida’s consistent (in Lithuania) ‘hands-off’ approach in relation to day-to-day running of the project makes very good sense, because it allows the agency to economise on human resources while still ensuring good project performance.

Given the high proportion of KTS projects in the category where the project impact is of strategic importance (type 5), it is important to ask, ‘How has the selection of projects led to this high proportion of strategic projects and how has the project implementation process contributed to their success? In particular (but not exclusively), how do the KTS characteristics influence this selection?’ For projects which are not of the same strategic importance for the LPO, the equivalent question takes a differ-

²⁵ This contrasts with the conclusion in the Andante Consultants’ report on KTS, which attributed considerable importance to cost-sharing as a way of ensuring strong local ownership.

ent form. For these types of projects the aid form is, at least potentially, more important, and it becomes more relevant to ask the original question: to what extent do the KTS characteristics, separately or in various combinations, cause, stimulate, enable, select, filter towards ownership/success?

In relation to the first question, a number of factors play a role. The nature and importance of Swedish aid provide part of the explanation. The fact that, unlike aid from other donors, Swedish aid is in the form of technical assistance with only very limited provision for material expenditure (and other types of personal and organisational incentive goods), acts as a selection mechanism for serious aid projects. In combination with the influence of the context mentioned above, this particular form of co-operation may have played an important role in selecting LPOs with a strong commitment to their project objectives. By focusing on technical co-operation, these projects give the LPOs access to technical and organisational knowledge at a time when, partly because of the context, both organisations and individuals are very open to new knowledge and to learning new ways of doing things. It is therefore not surprising that all the projects examined were seen by this evaluation as demand-driven. In this situation, Sida's role as distant owner only reinforces the incentives for the Swedish consultant and LPO to manage and implement the project towards success.

In addition to this, the importance of Sweden as compared to other donors, in the region and in Lithuania in particular, ensures that Swedish aid is almost automatically considered by the LPO as a source of project finance. With the Swedish consultants also aware of the importance Swedish aid, this will lead to more efforts to generate projects. In turn, this also implies the possibility for Sida to have, as it were, the first choice when selecting projects of this kind.

Finally, Swedish consultants often play an active, indeed a key role in finding and establishing a first contact with the LPO. First, the incentives discussed above ensure that it is in their interest to find competent local partners, to select and propose achievable projects, to realise a project's objectives and to move on to the next phase of the project. Secondly, the local context, both general (transition) and project-specific, provides not a window but a veritable panorama of opportunities for projects that are of strategic importance to LPOs.

As far as the second question is concerned, the answer may not be as clear. Projects falling in categories (1) to (3) are few and specific. There is no way to generalise about them. Interestingly, though, two of these projects are not exactly mainstream KTS projects, whereas a third LPO showed a strong preference for material support and therefore for other

than Swedish donors. Moreover, the same LPO had just obtained the approval from Sida for a new project that was not intended to support the organisation itself but a selected small group of their clients. Lessons suggested by these projects will be discussed in Section 7.10 below.

7.9 Sida-Öst and Sida: Differences in Approach

As interviews at Sida headquarters revealed, Sida-Öst's perception of KTS is that of a pragmatic management tool. In Lithuania, we have seen Sida-Öst at work. In the light of the analysis presented above, we may conclude that the aid provided in this form has been quite successful, and broadly characterised by strong ownership. Yet this raises a more general issue that will gain importance as we extend our investigations to other countries. In Lithuania, the emphasis on competent partners may be labelled as "betting on the competent". How does this emphasis relate to "helping those in need"? Should aid not be helping the more disadvantaged countries, institutions, groups, and individuals?

In this vein, others in Sida have emphasised a different aspect of KTS, one related to aid-ethics in general and ownership (as final goal in its own right and as instrument) in particular. When moving to poorer countries with weaker institutions and different local contexts, the inequality in the aid-relation will again become important. Ownership will become more of an issue once again. Thus, it will be interesting to find how the relation between KTS and ownership can be perceived in the other countries covered by this evaluation.

From another perspective, these differences highlight some of the difficulties in defining 'what KTS is' in Sida.

7.10 Lessons from Atypical KTS Projects in Lithuania

Labelling some of the projects visited 'atypical' raises the question of what is typical. In this report we consider typical those projects in the sample in which (a) the LPO was a semi-public institution without (or with very little) competition in its main activities; (b) there was only one LPO; (c) the (financial) link between the Swedish consultant, the LPO and Sida was direct and according to normal procedures; (d) the direct benefits of the project accrued in the first place to the LPO itself, including its employees; (e) no material aid was provided, or very little; (f) a certain degree of cost-sharing existed; and (g) multiple contracts (or expectations thereof) were the rule.

We found exceptions to this standard of normality with regard to (a), (b), (c), and (d).

(a) One of the LPOs visited operated in an environment in which it had to compete with other institutions of a similar nature. Compared to the other projects visited, it had clearly more difficulties in establishing some of its proposed project outputs. At the same time, it also showed signs of weaker ownership. This is an example where the *specific* local environment of the LPO becomes an important parameter for understanding project ownership. The project could not directly contribute to solving one of the main challenges facing the organisation (too much competition by similar organisations), although more indirectly it could, by enabling it to provide services in areas that the other organisations could not address, thus developing its own niche. This example also sheds more light on the degree of success of the typical projects which did not face much competition. Without wishing to generalise at this point, the dimension of competition could provide a variable of the specific local context to be taken into account in other countries.

(b) In one project, two LPOs operated side by side. One of the LPOs was of the opinion that while they provided for all of the cost-sharing (25% of total costs), they did not receive benefits in proportion to their contribution. The other LPO argued they had initiated the project and had contributed a considerable cost-share in terms of facilities provided and time and efforts spend. It was therefore only right that they received most of the direct benefits. Irrespective of whichever party (if any) was correct in its interpretations, the lesson here is that to have two LPOs in one project could considerably complicate matters. At this point in time we are not able to assess whether this project is an exception or whether similar (in this sense) projects exist in other countries to be visited.

(c) One project was funded through a trust fund financed by Sida and administered by the World Bank. This arrangement caused considerable delay in approval procedures for new projects and/or project extensions. Moreover, it gave birth to a particular management arrangement characterised by a project management unit outside the organisation of the LPO. This considerably reduced the sense of ownership for those involved in the LPO. In fact, project ownership lay largely with the management unit, outside the LPO.

(d) We have seen two instances where the project benefits (the technical assistance) do not directly accrue to the LPO but to a target

group outside the LPO. When this happened the sense of ownership for these aspects of the project depended on the identification of the LPO or its managers with the relevant target group. In one case, one of the LPO managers (but not all) could clearly identify with the beneficiaries of the project. In the other case, the beneficiaries were actually other organisations dealing with similar clients. The loss of ownership due to this in the latter case was considerable (however, it was not at all evident in this case that a negative impact on project success followed).

Chapter 8

Some Further Questions

It is difficult to conclude much at this point, at the end of the first country evaluation, and even that can only be tentative – indeed, to such an extent that it might be better to present a series of questions or hypotheses to be verified in the light of further evidence, to be collected in subsequent studies. That is what is done in this section. The conclusions/questions are presented here in no special order of importance, and their main function is to contribute to the concluding work that the synthesis report will require.

Overriding Importance of the Context, and Methodological Implications

It is difficult to overestimate the importance – as both means and end – of the broader context of what now is commonly called ‘transition’ from the former Soviet empire, through national independence, to, in this case, probable EU membership. This was, for the (foreign) members of the evaluation team, even those with Eastern European experience, a considerable surprise – as well as an object lesson in the difficulty of specifying in advance what aspects or components of a particular national or local context are likely to play which role.

In the light of this emerging result it is to be expected that more surprises will come up, and the best recommendation for how to study the context in future country evaluations might be ‘Look for the unexpected’. To this we might usefully add, ‘... especially if the unexpected has a strong and widespread symbolic value’.

A Special Policy for Special Countries: Implications for KTS?

Swedish policy in Lithuania and its region looks for mutual gain, as well as partnership, from its international development relations around the Baltic. The four policy aims that guide Sida-Öst in Lithuania (and in other ‘transition’ countries) do not refer for example to poverty alleviation and similar concerns, as is the case with the (eight) policy aims that guide

Sida's policy elsewhere. Yet poverty is by no means absent from Lithuania's development problems. This raises the question whether it is possible to trace the influence of those four policy aims in 'KTS-Öst', and if this is recognisably different from 'KTS-INEC', presumably inspired by the other eight, and how. This is a question that can be meaningfully addressed only towards the end of this policy evaluation – and at that point it is likely to be a rewarding question to address.

Market-Driven

A key concept to be added to those given in the Inception Report, in the light of this Lithuanian fieldwork, may be 'market-driven'. For example, some of the Swedish consultants' participation in the above stated 'triangle of relations' may be more trade than aid driven. If so, it is likely to be accompanied more by ordinary commercial interests and practices, than by administrative niceties, transparencies and accountabilities, even though this trade may be conducted in the name of aid.

Similarly, where LPOs under Lithuanian law can receive revenue for example from the sale of their services, and accordingly set their own salaries within limits, they may be led at least as much by business (e.g. 'profit', 'corporate strategy', 'investment in public relations'), as by aid (e.g. 'local ownership', 'aiding the weak if through betting on the strong', 'help for the time being') questions. In which case 'demand-driven' may have less relevance than 'supply-driven', and either or both less than 'market-driven' in a straightforward commercial sense.

Competent Partners

Regarding the concept 'competent partners', this turned out to be even more difficult (elusive) to establish with any useful degree of precision than the other institutional concepts that are at the heart of this study. Moreover, where for example a skills training programme of some sort is involved at some point for LPO personnel, there is a dynamic not a static condition to appraise anyway. Especially important in this regard of 'competent partners' is the question of whether KTS works rather as filter than as support.

Twining as Metaphor and Other Topics

A follow up report on a twinning programme for prisons and training centres is worth citing here. Though not specifically on local ownership, much of what it reports in its concluding section is very close to this evaluation's findings about KTS aid, projects and organisations. Like owner-

ship, also twinning is presented as a metaphor about a policy, not that policy itself: ‘the term twinning is not very precise ... however it has turned out that the concept has actually helped to focus both on overall problems and local needs.’ Also, as with the KTS projects considered by this evaluation, so with twinning: ‘in Lithuania the parties did not look upon the co-operation as one short-term project but as a row of projects in a process’.

Also noteworthy is that neither the prison twins nor the KTS consultants as this evaluation determined are reported to have ‘put forward already established Swedish solutions to the problems that the Lithuanian partners have presented.’ Rather, both twins and consultants are appreciated for not imposing foreign models willy-nilly, and for ‘learning as well as teaching’, as the report puts it.

In both cases too, ‘personal relations are very important for the success and effects of the method ... when there are any changes in different posts before certain results have been achieved, everything has to start again from the beginning ... it is also obvious that the method gives mutual benefit ... It should be mentioned also that this twinning co-operation [in the light of this evaluation we could read also KTS] has greatly benefited from the fact that international covenants on Human Rights [and] Council of Europe ... rules have been obvious inputs ...’

Sida’s Limited Role Needs to be Qualified

The idea that, through its absence from the contract signed by the LPO and the Swedish consultant, Sida limits its role in KTS projects appears in this Lithuania study as an idea in need of qualification. Already explicitly present in the contract which it does not sign, Sida is even more present in a monitoring, evaluation and decision making capacity through the device of having successions of short project phases, and making the approval of one depend on good results in the preceding one. This provides all the right incentives (and potentially some wrong ones) to LPO and consultant. With minimal involvement of its own staff – and that is admittedly one interpretation of the expression ‘limited role’ – Sida may as a result of these incentives achieve extraordinary results.

There is one potential problem, however: this form of aid does not easily lend itself to the sort of institutional capacity building where the recipient needs to have a reasonably extended time horizon in which to play the upgrading of its capacities – and that is sometimes the most important form of aid.

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Annex 1

Checklist of Questions Used to Guide Field Interviews

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

1.1 General

- Evaluators’ opening statement.
- Please describe the project and its history (including 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?

1.2 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?

1.3 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?

1.4 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?

1.5 Contract, Contract Management and Role of Sida

- Could you please give us a copy of the contract, and of the Sida letter of agreement?
- What are your main rights and obligations according to the contract? And the consultant's?
- Are there areas of indefiniteness in the contract? Have they led to any conflicts?
- Please describe the relationships between you, the consultant and Sida in relation to this project. Did these relationships change with time?
- Did you manage the contract with the consultant yourselves? What was your experience with this contract? Were there any problems, disagreements, etc., with the consultant? How were they solved, and by whom?
- Who were the people from your organisation involved in the project? Who was the project manager from your side? Who else was involved, what was their involvement, what roles did they play?
- What role did Sida play? Was it ever asked to intervene in your relationship with the consultant? By whom? What role did Sida play then?

1.6 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?

1.7 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?

1.8 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 re-

quirement aimed at strengthening ownership, or just as a useless and annoying rule?

1.9 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 Visited

2.1 Social Policy and Community Social Service Development Project

Lithuanian Partner:	Ministry of Social Security and Labour (MSSL)
Swedish Consultant:	Department of Social Work, Stockholm University
Sida's Assistance:	SEK 8,000,000; SEK 8,427,791; SEK 10,190,000; SEK 518,000
Project Duration:	1996 to 2002

The aim of the project was to develop a feasible cost-effective approach to social service delivery that is community based and responsive to local needs. This approach should result in fewer individuals being placed in institutional care, and better co-ordination of the delivery of cash and non-cash benefits to clients by linking all social assistance offices and non-governmental service providers in the community.

Sida's aid is channelled to the project via a Trust Fund administered by the World Bank. The first project was signed for a period of five years.

The project idea originated in discussions that started around 1989 (i.e. before independence from Russia in 1991) by an NGO called Viltis (in English: Hope). The discussion focused on how to move away from the Soviet system towards a Lithuanian system of social service delivery. Via a project proposal on pension reform financed by the World Bank, the proposal for the present project was finally arrived at and came to be financed by Sida through a Trust Fund managed by the World Bank.

The project assisted in firstly delivering a range of social services in six pilot projects based in six municipalities. These municipalities have been selected after a tendering procedure to which each of the 56 municipalities in Lithuania was invited. The services offered in this context focused specifically on the following client groups: (a) mentally and physically disabled, (b) elderly people, (c) mothers and children who have been physically abused, (d) alcoholics and drug users, (e) former prisoners. In addition, reception centres were established to assist clients to find their way in the social service delivery system.

Secondly, the development of a system of monitoring and evaluation was supported, specifically in the following areas: (a) a baseline study of social service needs and services available, (b) an analysis of funding of institutions and com-

munity services that could recommend ways of redirecting funding to community based services, (c) computerised case-monitoring system and bi-annual site reports, (d) annual conferences reviewing pilot projects, (e) mid-term evaluation, and (f) final evaluation.

Thirdly, the Department of Social Work, Stockholm University assisted in (a) training social service workers (130 social workers were trained in three weeks spent in Stockholm and 10 weeks in Lithuania), (b) providing advice on concrete problems in social work, and (c) organising and participating in training seminars.

A Project Co-ordinating Unit, until recently consisting of two persons (now changed into four), was set up by the World Bank for local implementation. These persons have a contract with the MSSL and are paid by Sida.

Under the project, the municipalities receive project assistance for funding their activities. For extension to other municipalities, funding requirements may lead to other project designs.

2.2 Mapping and Land Information System

Lithuanian Partner:	Ministry of Agriculture – Land Management Department; later, the State Land Cadastre and Register
Swedish Consultant:	Swedesurvey
Sida's Assistance:	More than 15,000,000 SEK over the whole co-operation period (nine phases, between 1992 and 2000); 3,800,000 SEK for the latest phase.
Project Duration:	Co-operation exists since 1992; latest phase May 1998 to September 2000.

Swedish assistance in the area of cadastre and land registration started soon after Lithuanian independence with a training course in Land Management and Cadastral System in 1991. The main purpose of the assistance has been to create the conditions for a working market for land property to develop, which was seen as an essential condition for a socially sustainable economic transition. Initially, the co-operation took place between Swedesurvey and the Department of Land Management, Ministry of Agriculture. In 1993, the State Land Cadastre was created under the same ministry. Finally, in 1997, the State Land Cadastre and Register was established as a governmental profit-seeking agency engaged in the following three main activities: registration of real property objects (i.e. land and buildings) and real property rights, valuation of real property objects, and cadastral services.

The co-operation started with training and study visits to Sweden and a feasibility study and definition of needs, after which support was systematically organised in a series of phases that lasted until the present day.

Swedish support may be divided into two main areas – support to land reform and land management, on the one hand, and support for the development of the

real property administration system, on the other – each of which in turn had several components.

The main components of support to land reform and land management are:

- Training and transfer of know-how, including both advice and training courses at various levels of expertise on legislation, land management, real property registration, real property valuation, digital maps, GIS, cadastral development, development and administration of central land databanks, management of real property databases, system security and data integrity, etc.
- Cadastral surveying and mapping, including the use of modern field surveying techniques, automated data collection and automated drawing of cadastral maps, and the use of modern equipment.
- Support to aerial photography covering most of the country.
- Support to the production of orthophoto maps in both analogue and digital form, covering almost all the country's territory.

Support to the development of the real property administration system included support with the development of legislation, institutional development and reorganisation, development of an automated real property registration system, communications and system security issues, integration of cadastral information (i.e. data on land parcels, buildings and property rights inventory), development of a pilot model for mass valuation of real property, etc.

In the course of this long and sustained co-operation, the State Land Cadastre and Register became progressively stronger and more capable of assuming full responsibility for its tasks. A recent evaluation report concluded that Lithuania has succeeded in implementing land management/administration systems that address Lithuanian requirements and in firmly establishing methods and procedures that are consistent with the maintenance of a functioning, real property register/cadastre and real property administration system.

2.3 Programme of Co-operation between Prison Departments

Lithuanian Partner:	Lithuanian Prison Department
Swedish Consultant:	Swedish Prison and Probation Administration
Sida's Assistance:	6,602,000 SEK
Project Duration:	July 1999 to December 2000

In connection with Lithuania's joining the European Convention on Human Rights, the Council of Europe appointed two experts to provide a descriptive inventory of all prison establishments in Lithuania, and to make proposals for reforms aimed at bringing the prison system closer to European Prison Rules. These experts produced their reported early in 1995. Swedish support to the

Lithuanian Prison Department started in 1996. The support consists of four main activities: co-operation between prison departments (one of the main elements of which is the twinning of prisons), co-operation between training centres for prison service staff (again through twinning), an evaluation of the co-operation and a small provision for other, *ad-hoc* co-operation activities. The main aim of the co-operation has been to provide support to the Lithuanian Prison Administration, to the Directors of the twinned prisons and the Director of the Training Centre in bringing the Lithuanian Prison Service in line with international standards and especially the European Prison Rules. The Training Centre for prison staff, set up by the Department in 1999, with Swedish support, plays a strategic role in this change.

Until the end of 1997 the co-operation was primarily financed by the Swedish Prison and Probation Administration: Thereafter, the project activities have been funded by Sida. Scarcity of funds has meant that in practice the physical changes in prisons have been relatively small: On the other hand, attitudes towards inmates, treatment of the inmates and the administration of the system have experienced substantial improvements, indicating a successful co-operation, with which both main partners declare themselves very satisfied. Significantly, in 2000 the Prison Department moved from the Ministry of Internal Affairs to the Ministry of Justice. The progress achieved by the Prison Department has been confirmed and praised by visiting outside experts.

The new Penal Code, a draft of which was presented to Parliament in 2001, will have significant consequences for the Department, since it is likely to entail significant improvements to the legal status of prisoners, a decrease in the prison population and changes in the material structure of prisons. All these changes represent a strengthening and consolidation of the reforms initiated through this project.

2.4 Strengthening the Association of Local Authorities of Lithuania (ALAL)

Lithuanian Partner:	Association of Local Authorities of Lithuania (ALAL)
Swedish Consultant:	Swedish Association of Local Authorities (SALA)
Sida's Assistance:	1,020,000 SEK
Project Duration:	May 2001 to June 2002

This is the latest of several projects of a co-operation between SALA and ALAL that spans the period from 1996 to the present. Its objective is to strengthen ALAL as an organisation through improved reporting and information. It is divided into two main parts:

- a) Preparation of ALAL's annual report; and
- b) Development of a financial data base containing information on the budgets of all Lithuanian municipalities.

The purpose of the Annual Report is to strengthen the accountability and transparency of ALAL's work and, at the same time, to project a favourable image of the Association. The Annual Report is therefore being treated also as a public relations document, and is to be printed in an attractive format, with pictures and a visually pleasing design.

The financial database is expected to enable analyses of local authority finances in a comparative perspective and to facilitate municipal financial planning.

For each of the two components of the project, a working group has been created, formed by ALAL staff, local government staff and local elected representatives. These groups have been given the opportunity to visit Sweden, in order to see how things are done there, and to learn about Swedish and other experiences in activities of the same kind as those for which they are responsible. At the same time, SALA has provided technical assistance, especially concerning the production of the report and the design of the database. Both components of the project were proposed/requested by the Lithuanian partner as being both concrete and most urgent.

2.5 Development of Lithuanian Insurance Education

Lithuanian Partners:	Association of Lithuanian Insurers (ALI) and Vilnius University (Faculty of Economics, Department of Commerce)
Swedish Consultant:	Insurance Institute of Sweden (IFU).
Sida's Assistance:	SEK 1,500,000
Project duration:	1998 to 2001

The overall objective of the project was to assist in developing a well functioning insurance market in Lithuania. In particular the project aimed to provide high-level training in the field of insurance by setting up an MA-degree in Insurance at the Vilnius University in the department of Commerce. The project consisted of (a) training of trainers by visits to IFU in Sweden, (b) curriculum development, (c) seminars and workshops at Vilnius university for staff of Lithuanian insurance companies. Sida has also provided money to set up a library.

ALI has a voluntary membership of 16 out of 32 insurance companies, covering 97 percent of the market. It is a small organisation employing only three persons. Because of the strength of its members it is, however, one of the more important associations in Lithuania. ALI has contributed 25 percent of the costs of the project. The university has contributed a great deal in terms of staff time and seminar facilities. Experts from the insurance companies are invited as guest lecturers for seminar presentations.

IFU has mostly dealt with the Sida side and co-ordinated curriculum development, expert seminars and related logistics, and ordering (though not selection)

of books and furniture. When required it conducted the negotiations with Sida, in which neither the university nor ALI were involved.

The project is seen as a success by all parties consulted. Curricula on insurance training from many parts of the world have been compared before designing the course. A handbook on insurance marketing has been prepared. Most students find a job in the insurance market in Lithuania. University staff have gained much from the co-operation with IFU and exposure to the Swedish experience. Only from the side of the insurance companies is a wish expressed to have more direct contacts with Swedish insurance firms.

At the time of this country evaluation, a letter had been sent to Sida indicating interest in a new project in insurance market development. The president of ALI and staff of the Department of Commerce had gone to Sida to discuss the idea. The new project would focus on (a) staff exchange and other forms of co-operation between insurance companies, (b) co-operation between the University and a (different) Swedish insurance training institute. This new project would also involve special training for compulsory car insurance and the setting up of a Lithuanian organisation dealing with these issues (Motor Bureau), including the legal framework.

At first IFU was foreseen to become the Swedish consultant for the new project, but the establishment of Baltic Insurance Consulting (by IFU, among others) led to suggestions that this new organisation might be involved as a Swedish partner.

2.6 Regional Development Plans

Lithuanian Partner:	The County of Alytus
Swedish Consultant:	The County of Jönköping
Sida's Assistance:	1,194,200 SEK
Project Duration:	July 1999 to December 2000

Lithuania is presently engaged in a process of introducing comprehensive regional and structural policy and planning mechanisms. Comprehensive and integrated planning and policy-making are needed both for purposes of national development and in order to prepare planning documents in accordance with EU requirements, especially in connection with the use of structural funds.

The project was designed to help Lithuanian counties produce regional development plans that fit in with EU requirements, in terms of both process and substance. It had two main components:

- a) a *common project* involving six counties in South Sweden and all ten Lithuanian counties; and
- b) a *pilot project* involving a close co-operation between Alytus county in Lithuania and the county of Jönköping, in Sweden.

The overall goal of the *common project* was to promote democratic working methods in regional development work. The common project consisted of the organi-

sation of several seminars on regional development strategies including, in addition to Swedish representatives, (mainly from Jönköping county), participants from different geographical areas of Lithuania as well as different administrative levels, organisations and public authorities. A study visit to Sweden was also organised, involving representatives at high administrative levels from different parts of Lithuania.

The *pilot project* had the same overall goal as the common project, and focused on the development of a regional development strategy for Alytus county using SWOT analysis and adopting a bottom-up approach based on a broad participation of regional actors. In addition to the seminars included in the common project (in which Alytus representatives also participated), the pilot project consisted of six visits to Alytus by Swedish administrators and regional development specialists. During these visits four seminars were organised within the framework of the pilot project. The project led to the production of a regional development strategy for Alytus county, in the development of which some four hundred people, representing a broad spectrum of interests and opinions, were involved.

2.7 Strengthening the Vilnius Chamber of Commerce

Lithuanian Partner:	Vilnius Chamber of Commerce, Industry and Crafts (Vilnius CCIC)
Swedish Consultant:	Chamber of Commerce and Industry of Southern Sweden (CCISS).
Sida's Assistance:	SEK 815,000
Project Duration:	1997 to 2001

The project aimed to strengthen the Vilnius CCIC and was divided into six sub-programmes: (a) strengthening of the organisation, (b) membership recruitment, (c) development of customer services, (d) training in organising and running seminar activities and development of consultancy services, (e) development of the competence of female staff, and (f) training at the CCISS in Malmö.

Vilnius CCIC was established in 1973 (although already in 1925 a similar organisation existed). It is a non-profit organisation that recruits its members (who are entrepreneurs) on a voluntary basis in the region of Vilnius. It represents the interests of its members before Government, the municipality and other bodies of importance, and it promotes international trade and development of entrepreneurship in its region.

In 1995, a new law established five regional chambers of commerce, industry and crafts for the whole of Lithuania. Vilnius CCIC was one of these. A national association of CCICs was established in 1996. This law has given the regional CCICs special tasks and functions such as issuing certificates of origin, certification of foreign trade documents, provision of ATA carnets (tariff free exports and imports in connection with international trade fairs), and the right to issue

barcodes. Given its longer experience, the Vilnius CCIC has taken the lead in developing itself as an organisation and provides assistance to the other regional CCICs. At present, the Vilnius CCIC has about 400 members and a staff of 20 persons.

Since 1992, the Vilnius CCIC has developed links with the Chamber of Commerce and Industry of Southern Sweden. The initiative for this was taken by informal contacts developed at a conference of the Union of Chambers of the Baltic Sea. Since 1994 it has developed an aid-relation with Sida. Sida has provided assistance (SEK 815,000) since 1997. After an extension, this project was phased out in 2000.

The project has been quite successful in organising international trade seminars and establishing trade links. The Vilnius CCIC has a good reputation for handling trade missions. They have received more than 1500 business proposals from abroad. Current priorities for the Vilnius CCIC are to develop itself as a strong lobby organisation, to promote business development, and to take part in regional development planning.

In 1993 the Vilnius CCIC had a project with the German Chamber of Commerce and industry of Offenbach am Main, financed by German aid. This project provided a lot of material support in the form of office equipment, computers and furniture. Through this project Vilnius CCIC experimented with the German system of vocational training in two branches (mechanical engineering and electronics). However, the German system of vocational training requires compulsory membership while in Lithuania membership is voluntary. Therefore, the Swedish system is more appropriate. However, the voluntary nature of its membership implies that the Vilnius CCIC has to compete with other associations, some of which are very strong sectoral associations (there are more than 20 associations).

Recently, Sida has approved a new project: a training programme for female 15 entrepreneurs, basically in the small-scale sector (garments, hotels, travel). The Chamber of Commerce and Industry of Southern Sweden has carried out a similar project in Poland and another, even more successful, in Latvia. This success forms the basis for the decision to support the project in Lithuania. Participants in the project are recruited to the project from Vilnius CCIC's own members as well as through local women's organisations. Seminars will be organised in combination with visits to Sweden. The provisional programme covers most aspects of business management. The project aims to strengthen women entrepreneurs, their networks and their organisations.

2.8 Computer-Based Modeling System for Transport Planning in Vilnius

Lithuanian Partner:	Vilnius City Council
Swedish Consultant:	INREGIA AB
Sida's Assistance:	2,500,000 SEK
Project Duration:	1998 to 2001

The project aimed to develop a transportation analysis system for Vilnius that would make it possible to estimate and predict current and future private and public transport flows, congestion and traffic related environmental effects. This system, based on a land-use/transport model (in this case, the EMME 2 model) and calibrated for the city of Vilnius and the surrounding region, produces different traffic flow forecasts for different land-use and transport planning solutions. It can therefore be used to determine the effects of those solutions, and to compare and assess different solutions. The traffic forecasts are also used to justify investments in infrastructure (by comparing forecasts with and without the proposed infrastructure). This role is particularly useful when it is necessary to borrow the necessary funds from international financial institutions, such as the European Bank for Reconstruction and Development.

A second, complementary objective of the project was to educate and train a group of specialists from Lithuania so that, at the end of the project, they would be able, on their own, to support, run and interpret the results of the transportation analysis and forecasting system.

In addition to the financial resources provided by Sida, Stockholm County Council also agreed to fund software and equipment required by the project, up to a limit of 80,000 SEK (INREGIA AB was, until March 1999, entirely owned by Stockholm County Council; from April 1999 it became owned by its staff).

The area of Vilnius and the surrounding region was divided into 280 zones, and the land-use/transport model EMME 2 was calibrated with survey data collected by University of Vilnius students and local experts. These local inputs were provided to the project free of charge.

Although the project contract and the Sida agreement were signed by Vilnius City Council, the main direct beneficiaries of the project are the Vilnius Department of Energy and Economy and Vilniaus Planas. The Department of Energy and Economy is a department of Vilnius Municipality, while Vilniaus Planas is a company that is totally owned by the municipality but registered as a commercial company and managed autonomously. It charges for the services it provides, which the municipality or its departments are prevented by law from doing.

Annex 3

List of Persons Interviewed

a) Swedish Embassy, Vilnius

Mr. Kaj Persson, Counsellor

b) LPOs:

Mr. Alfredas Zabieta	Project Co-ordinating Unit, Social Policy and Community Social Service Development Project
Mr. Rimantas Ramanauskas	First Deputy Director, State Land Cadastre and Register
Mr. Bronislovas Mikūta	Chief, Marketing and International Relations Board, State Land Cadastre and Register
Mr. Jonas Blaževičius	Director General, Prison Department of the Ministry of Justice
Ms. Regina Liakstutienė	Foreign Matters, Prison Department of the Ministry of Justice
Dr. Dmitrij Usik	Principal, Lithuanian Prison Department Staff Training Centre
Mr. Alvydas Maknickas	Prison Director, Prison Department of the Ministry of Justice
Mr. Justas Šakėnas	Adviser on International Relations and Programmes, Association of Local Authorities of Lithuania
Mr. Šarūnas Radvilavičius	Consultant, Association of Local Authorities of Lithuania
Ms. Audronė Vareikytė	Adviser on Social Affairs, Association of Local Authorities of Lithuania
Mr. L. Mindaugas Stankevičius	President, Association of Lithuanian Insurers

Dr. Larisa Belinskaja	University of Vilnius
Ms. Ona Balevičiūtė	Deputy Chief, Alytus County
Mr. Kęstutis Kieras	Director, Department of Regional Planning, Alytus County
Mr. Romas Balčius	Territorial Planner, Alytus County
Mr. Alvydas Genys	Director General, Vilnius Chamber of Commerce, Industry and Crafts
Ms. Irena Jasiukevičiūtė	Vilnius Chamber of Commerce, Industry and Crafts
Mr. Vidutis Cemnolonskis	Department of Energy and Economy, Vilnius Municipality

c) Swedish consultants:

Mr. Ronald Penton	Head, International Projects Division, Department of Social Work, Stockholm University
Ms. Barbro Zimmerling-Svan	Project Manager, International Projects Division, Department of Social Work, Stockholm University
Mr. Lennart Frej	Contract Director and Area Manager, Swedesurvey
Ms. Margareta Brandberg	IFU – Insurance Institute of Sweden
Mr. Bengt Isacson	County Administrative Board, Jönköping County (telephone interview)

d) Sida

Mr. Håkan Carlsson	
Ms. Helén Nilsson	Desk Officer Lithuania
Ms. Sophia Eriksson	Desk Officer Lithuania

e) Others:

Mr. Audrius Kairevičius	Director, GIS and Cadastre Department, National Land Service under the Ministry of Agriculture
Ms. Jūratė Balevičienė	Deputy Director, Tax Department, Ministry of Finance

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Mr. Jonas Česonis	Head, Strategic Planning and Investment Department, Alytus City Municipality
Ms. Raimonda Dirsiene	Specialist, Strategic Planning and Investment Department, Alytus City Municipality
Mr. Viduadlas Valeika	Principal Transport Planner, Vilniaus Planas

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 context, 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

cuss 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

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

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

Competent partners

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

Limited projects

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

Swedish consultant

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

The local context

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

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

The character of the projects

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

4.3 Discussion about a Possible Definition of KTS

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

4.4 Recommendations and Lessons Learned

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

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

The consultants shall discuss:

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

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

See also the purpose of the evaluation, Section 3.

5 Methods and Work Plan

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

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

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

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

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

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

The tentative time schedule for the study is:

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

⁸ Knowledge, competence and resources.

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

6 Reporting

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

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

Consultations with stakeholders and dissemination of findings and lessons will be important throughout the study and the consultants are to include a budget for this in their tender. However, a separate budget and contract between the consultants and Sida will cover dissemination activities following the publication of the final evaluation report. A decision on dissemination activities will be taken at a later stage in the evaluation process.

7 Specification of Qualifications

7.1 Compulsory Qualifications

The following qualifications shall be met by the tenderer.

The content of the tender

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

in total and for each separate activity in the assignment. All fees shall be stated hourly. All costs shall be stated in SEK, exclusive of Swedish Value Added Tax, but including all other taxes and levies. Individuals however, shall state their fee exclusive of Swedish social security charges.

Staff resources

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

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

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

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

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

7.2 Preferred Qualifications

Staff resources

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

Representation of partner country researchers is desirable.

Annexes to the Terms of Reference (not attached here)

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

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Contract-Financed Technical Co-operation and Local Ownership

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

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

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



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