

# Contract-Financed Technical Co-operation and Local Ownership

Mongolia Country Study Report

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# Abbreviations

ADB	Asian Development Bank
BITS	Board for International Technical Co-operation
BTC	Bank Training Centre
CAA	Civil Aviation Authority
EU	European Union
FSU	Former Soviet Union
GDP	Gross Domestic Product
IAMD	Institute of Administration and Management Development
INEC	Department for Infrastructure and Economic Co-operation
INEC/KTS	Division for Contract Financed Technical Co-operation
ISS	Institute of Social Studies
KTS	Contract-financed Technical Co-operation
LPO	Local Partner Organisation
MALA	Director of Mongolian Association of Local Authorities
MDU	Mongolian Democratic Union
MPRP	Mongolian People's Revolutionary Party
NGO	Non-Governmental Organisation
SAGaC	State Agency of Geodesy and Cartography
SALA	Swedish Association of Local Authorities
Sida	Swedish International Development Co-operation Agency
Sida-Öst	Department for Central and Eastern Europe
ToR	Terms of Reference
UNDP	United Nations Development Programme



# Chapter 1

## Introduction

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### 1.1 General

This report presents the main results and conclusions of the evaluation study carried out in Mongolia as part of a broader evaluation of contract-financed technical co-operation and local ownership carried out by the Institute of Social Studies (ISS) under a contract with Sida.

**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 organisation<sup>1</sup> enters a contract with a consultant for some form of technical assistance. Sida is not a party to this contract but assumes before both parties the responsibility for financing part of the contract (by means of a 'letter of agreement'), normally paying the consultant's fees and occasionally some other costs. KTS projects also share a number of other special characteristics which may be summed up by the expressions 'demand-driven projects', 'cost-sharing', 'competent partners', 'limited projects', 'Sida's limited role' and 'Swedish consultants'. The Terms of Reference (ToR) for this evaluation present the rationale for these characteristics in the following way:

There are a number of factors, characterising KTS, which support the division of roles and responsibilities set by the contractual arrangement. To guarantee that projects are supported and prior-

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



itised by the local partner, and thus that the local partner may be expected to take on the responsibility for the projects in the short and long term, KTS projects should be *demand-driven* and *cost-sharing* should be applied. Further, the partners should be *competent* enough to take on the responsibility and also to benefit from the technical assistance. To make it possible to withdraw the Swedish support as early as possible, and thus avoid aid dependence and ensure a continued strong local ownership, KTS projects should be *limited in time and financial volume*. Hence, the local partner may not count on being supported for several years ahead. This may be expected to create incentives for the local partner to assume ownership. The aid form is also characterised by the fact that the *consultants normally are Swedish* (ToR, p. 1, our italics).

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

Sida considers **local ownership** desirable, both as an end in itself and because it is expected to guarantee that the projects are given priority and support by the local partner, thus increasing their chances of effectiveness and long-term sustainability. Sida expects local ownership to lead to better utilisation and/or absorption of the project outputs, and to ensure that the local partner undertakes the activities necessary to realise agreed project outcomes. There are also references to ‘responsibility’ and ‘commitment’ when explaining how local ownership is supposed to exercise its positive influence. In the following passage, *Sida at Work* (Sida, 1998: 16–17) characterises ownership in a way that emphasises responsibility:

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

Moreover, and still according to Sida, ownership of development projects has to be interpreted as local ownership. By the agency’s definition, no actor besides the *local* agency can own the project. Whatever the relations other actors have with the project and its constituting elements, these should not be called ownership. For the purposes of this research, 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 Mongolia 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 partner organisations with which KTS may be used and as to how the KTS characteristics should be applied in different local contexts;
- to come to greater clarity about, and a better understanding of, KTS as a form of aid; and
- to provide inputs to the development of a general policy on KTS, currently under way in Sida.

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

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

In total, seven country studies are to be made of 'KTS at work': besides Mongolia, Lithuania, Ukraine, 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/KTS<sup>2</sup>; 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.

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

*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.

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 (designated here as Local Partner Organisations, or LPOs, for short), 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 to achieve. Further questions for this evaluation concern broader aspects of significance of this aid modality, including Sida's agenda of aid priorities, and its philosophy and ethics of development aid and partnership.

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

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

### 1.3 Plan of the Report

Chapter Two of this report presents a summary on the general approach and methods adopted in the evaluation, as well as the particular implementation of the country study in Mongolia in relation to the projects selected, people contacted and interviews made. In the following Chapters relevant data are summarised regarding the national context

(Chapter Three) and the Swedish assistance to Mongolia (Chapter Four). In Chapter Five, the main findings of the country study of Mongolia are presented in two parts. The first part refers to the application of KTS-characteristics in the projects studied, and the second part analyses the various aspects and dimensions of ownership in these projects. Summaries of information on each project are included in Annex 1. In Chapter Six, finally, we summarise and draw conclusions from the findings in relation to the ToR for the evaluation.

# Chapter 2

## Approach and Method

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### 2.1 The Performance of the Mongolia Country Study

The field team for the country study in Mongolia consisted of Nils Öström from the Stockholm Group for Development Studies (SGDS), Max Spoor from the Institute of Social Studies (ISS), and Tsagaach Geleg from the School of Economic Studies of the Mongolian National University (MNU). Nils Öström was briefed in the Hague by the core team for the evaluation, and also met with Max Spoor to plan for the study (27–29 October). Tsagaach Geleg, an alumna of the ISS (who graduated 1999), arranged a series of meetings for interviews with local partner organisations in Mongolia in advance of the start of the Mission (as from 1 November). The other team members arrived in Ulaan Bataar on 7 and 10 of November. The Mission worked swiftly and intensively together from 12 to 23 November.

In the Inception Report of ISS (2001-09-17), six projects had been selected for the country study in Mongolia, representing both different sectors in society, and also different length of co-operation. It should be noted that a ‘project’ in this evaluation is defined as one or more agreements on financing of technical assistance contracts with the same LPO, within the same area of assistance. As shown in Chapter Four below, presenting a summary of Sida assistance to Mongolia, these six projects represent the majority of a total of nine KTS projects, completed or ongoing, in Mongolia. The six projects are:

- Civil Service Training
- Capacity Building for Local Self Governance
- Bank Management Training
- Institutional Development of Civil Aviation Authority
- Rehabilitation Study of Central Transmission Grid
- Cadastral System Development

For each of these projects the Mission generally had a first long interview (of about 2 hours) with the project director. In these interviews the Mission asked questions on the:

- origins of the project;
- ownership of the objectives, and the process of formulation and implementation;
- importance of the project and the knowledge transferred for the LPO, including in relation to assistance from other donors;
- competence of, and relations between, the LPO and the Swedish partner;
- cost-sharing;
- length and number of agreements and perspectives for future co-operation;
- contract and role of Sida.

In the second week of the Mission's stay in Mongolia, meetings with stakeholders in the different projects took place. In these meetings, the Mission followed up on information already received and also got the opinion of the stakeholders in relations to the questions mentioned above. Furthermore, meetings were held with responsible officials at the Ministry of Finance, the Central Bank, the Ministry of Foreign Affairs, and with the Resident Co-ordinators of the Asian Development Bank (ADB) and the United Nations Development Program (UNDP). The latter are important donors active in Mongolia supporting the sectors in which the KTS projects have been executed.

While in Mongolia, the Mission was also able to have an extensive interview with the Swedish project co-ordinator of two of the projects (Civil Service Training and Capacity Building for Local Self-Governance) as he happened to be in Ulaan Bataar during the first week of the Mission. Furthermore, a meeting was held with the first Secretary of the Swedish Embassy in Beijing responsible for Sida co-operation in Mongolia, who visited Ulaan Bataar between 14–16 November. The Program Officer at Sida responsible for KTS co-operation with Mongolia and representatives of Swedish partners in the other projects were contacted in Sweden from 27 to 30 November.

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

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



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

### 2.2.2 A Cautionary Note on Indicators

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

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 Mongolia, particularly, for transition from central planning and 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.

### 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' involvement<sup>3</sup>). 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 easily researchable questions for this evaluation. Especially with successful projects, it is literally impossible, within the constraints under which this evaluation has worked, to trace the origins and evolution of the idea that gave rise to a project. Even if nobody deliberately tries to hide anything or to distort the truth, different people tell different stories – and such stories are all the evaluation can have access to. They are often different enough to make them incompatible.

Given these difficulties, it is understandable that 'demand-driven', as we have seen the term used by Sida in this evaluation, most often meant

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<sup>3</sup> 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.

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 aid<sup>4</sup>. 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, 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, 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 need<sup>5</sup>. It also allows a relatively easy assessment of whether a project

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<sup>4</sup> 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.

<sup>5</sup> 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'.

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 resources<sup>6</sup>.

### 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

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<sup>6</sup> 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.

be limited both in duration and in terms of their financial volume<sup>7</sup>. 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 follow<sup>8</sup>.

## 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 trans-

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<sup>7</sup> 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.

<sup>8</sup> Clearly, what s ‘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.

ferred 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 management<sup>9</sup>.

## 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 Sida, 'local ownership' is a key, defining, issue for 'good co-operation'<sup>10</sup>. 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. 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

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<sup>9</sup> Note that where, as regards what is portrayed as a successful project, it is said by the LPO that 'everything depended on the consultant', 'the consultant was excellent', etc, this comment may apply to the consultancy company involved, one or other of its core staff or partners, or a sub-consultant i.e. those hired by the company but for example not named in the contract.

<sup>10</sup> 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.

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*<sup>11</sup>.

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 organisational competence. Commitment and organisational competence are therefore pre-requisites for some references of ownership, and are to be assessed whenever possible.

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<sup>11</sup> This formulation deliberately uses the view of projects that underlies the Logical Framework Approach.

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 evalua-

tors (be these Swedish or not) are selected by, and report to, Sida. On the other hand, the LPO is expected to play an important role in project reporting, approving progress reports and co-authoring final reports. Thus it may also play an important role in the ongoing evaluation process.

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

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

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

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

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

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

# Chapter 3

## The National Context – Transition in Mongolia

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### 3.1 The Velvet Democratic Revolution

Mongolia started its transition towards a market economy and a pluralistic political system soon after the fall of the Berlin Wall, preceding the events in the former Soviet Union (FSU). In early 1990 there were mass demonstrations in the capital Ulaan Bataar, against the ruling Communist government (Mongolian People's Revolutionary Party, MPRP) demanding political and economic reforms. This led – in a rather peaceful manner – to the first elections in the summer of that year. Although the MPRP retained power, it was now with a majority in a Parliament that also included representatives from opposition parties that had hastily been formed, such as the Democratic Party, the National Progress Party and the Social Democratic Party (Bruun, et al. 1999).

A new democratic constitution was adopted by parliament in 1992. Its contents had been widely discussed domestically, and it provided strong guarantees for human rights such as the right to expression and political and social organisation, with an independent judiciary and separation between legislative and executive powers of government. It confirmed and at the same time consolidated the strongly democratic 'brand' of transition that has been exemplary for Mongolia. The 'velvet revolution' in the spring of 1990 had laid the foundation for a pluralistic democratic system that would further evolve during the years to come.

Mongolia has gone through some very dramatic political swings during the past decade (1990–2000). The elections of 1996, when the opposition had been able to organise themselves and unite, channelling the widespread dissatisfaction with the MPRP government, turned into a landslide victory for the Mongolian Democratic Union (MDU). While in 1992 the MPRP still had 71 of the 76 seats in the Great Khural (the National Parliament), in 1996 the MDU was able to win 50 seats. The latter elections took place in a period in which already a vigorous and free press had developed and also civil society organisations had sprung up in many sectors of Mongolia society. However, to qualify some of these

optimistic observations, there were also clearly negative phenomena that had emerged during the transition.

Firstly, corruption became a usual feature within the Mongolian political elite. It grew during the MPRP government period, during which some of the monopolistic tendencies of the Soviet era still continued. However, in spite of high expectations and electoral promises, during the MDU government that followed the elections of 1996 it seems that corruption and mismanagement of public assets only multiplied. To be in politics, like in many former Soviet republics, became the best guarantee to be successful in business. The main difference, nevertheless, with most transition countries in the FSU, is that a very critical press is revealing much of this to the public, which keeps it within certain limits.

Secondly, the political freedom gained, the emergence of forms of civic organisation and the corresponding countervailing power are almost exclusively concentrated in urban areas, mainly in the capital Ulaan Bataar, where officially around 30 percent – but most likely closer to 40 percent – of the Mongolian population resides. The vast rural hinterland, sparsely occupied by nomadic herding families, lags behind in this development, giving rise to a duality that can also be seen in the increasing regional disparities and the growing urban-rural inequality in income distribution and access to social services. By the end of the 1990s, although – as we discuss below – Mongolia had already shown some clear signs of economic recovery and growth, the MDU government had become increasingly unpopular.

A series of public scandals and increasing poverty and social exclusion of large Sections of the population contributed to this decline in support, which would cost the MDU dearly in the elections that were held in June 2000. Unexpectedly, the MPRP won an absolute majority in the Great *Khural* (72 of the 76 seats), and the MDU vanished completely from the political scene. Therefore, through democratic elections, Mongolia entered the 21<sup>st</sup> century once more governed by the same party (although a renewed and rejuvenated one) that had originally led the country through its initial years of transition. Mongolia is not unique in having experienced such dramatic changes in just a decade, during which the political pendulum swung from one to the other side and back: other transition countries in Central Europe have also seen this process. It is a clear expression of the broad support the population has for the process of democratisation, and of the support for economic reforms that show clear signs of continuity during the whole period.



## 3.2 Public Administration – Civil Service Reforms and Decentralisation

The constitution of 1992 laid the groundwork for a new system of public administration. However, it would take quite some time to change old habits in all spheres of governance. A new Act of Public Administrative Services in 1994 specified more of this change in governance in operational terms, a move that was supported by the large donor-financed Mongolian Management Development Program (MMDP). This had as objective a complete overhaul of the public administration apparatus, turning it into a merit-based civil service, with clearly defined responsibilities and output orientation. Interestingly enough, already during the pre-1996 MPRP government the radical (contract-based) ‘New Zealand Model’ of public administration had attracted attention in government circles, a development that was pushed further during the liberal MDU government.

Again, changing the minds of civil servants did not always lead to changing the organisation and execution of work. Many of them had been educated during the Soviet dominance of Mongolia, and real organisational and management changes are a long-term process, which is still continuing to take place. Nevertheless, there is an openness (which was also clearly present in all of the discussions the present Mission had with Mongolian counterparts and stakeholders) and an eagerness to learn from foreign, in particular Western experiences, that makes Mongolia strikingly different from several other FSU countries, particularly those in Central Asia.

Another aspect that has become increasingly important within the realm of transforming the public administration system, is the process of decentralisation. Again this was initiated with the new constitution, but its implementation has been problematic because of various obstacles. Mongolia has a relatively very small population (2.4 million people in the year 2000), relative to the vast size of the country (1.5 million Km<sup>2</sup>), making it into the country with the lowest population density in the world. As around 40 percent of the population, largely formed by the nomadic herder families, lives in rural areas, the physical (and often also mental) gap between the capital city and remote rural areas is quite large. Without a balanced development model and transfer of power and financial resources, there is a real danger of disintegration and regional disparity (Griffin, *et al*, 2001). Decentralised governance is therefore a key to the solution of the rapidly emerging problems of access to social services and poverty, in particular in the rural *Aimags* (provinces) and *Sums* (district level) of Mongolia.

In the early 1990s a two-tier system of local government emerged, with the state represented in the person of the *Aimag*-governor, and the people represented (through local elections) by the Local *Khural*. Lack of resources together with the tremendous tasks in terms of the provision of social services (health and sanitation, education, heating, maintenance of the road infrastructure, and social safety networks) have made it extremely difficult for local authorities to actually govern. These had been previously under the *Negdels*, or agricultural co-operatives, which were abandoned shortly after 1990. It is visible that at *Aimag*- and *Sum* level, the social and physical infrastructure has severely deteriorated during the 1990s, endangering the prospect of balanced development.

The lack of human resources has made it also difficult to implement real forms of decentralised governance. Migration has been one of the consequences of the above mentioned regional disparities, and continues to be a major issue today, contributing to social problems in the cities. While the privatisation of livestock in the early 1990s led to an initial growth of the rural population, deteriorating services and two recent harsh winters (referred to as *Dzud*) have reversed this flow. This migration contributes to further depopulation of the countryside, in particular of the *Aimag* and *Sum*-centers, which makes them even less viable, economically and socially. Currently there is considerable debate about decentralisation, in which the MPRP government tends to forms of re-centralisation of resource mobilisation (through the fiscal system), while at provincial and local levels pressure is emerging to have more control over local resources and their utilisation.

### 3.3 Transformational Crisis, Economic Recovery and Emerging Dualities

The transition led initially to a deep economic crisis (1990–93), during which GDP fell by 22.3 percent (or, on a per capita basis, even 27.6 percent) in comparison with the year 1989. This was caused by various factors, such as an aid and trade shock (as the massive Soviet assistance was cancelled, and foreign trade had to be redirected towards hard-currency markets), in combination with the lack of proper institutions and economic management capacity (Spoor, 1996; Bruun, et al., 1999). Soon after this initial transformational crisis, Mongolia managed to bring about economic recovery and, during the past few years, rather impressive macro-economic stability, with fairly low inflation rates and a stable national currency, the *Tugrik*. However, behind this positive picture, some very negative phenomena need to be stressed.

First, Mongolia has seen a process of de-industrialisation, in which practically only the mining sector has survived, and in particular the

processing industries practically vanished. In part this was because of the general contraction and fragmentation of the previously centrally planned economy, but also because obsolete Soviet technologies and commodities could not compete with cheap imports from mostly Asian countries, following the opening of the Mongolia economy. It has become (also in terms of income), a “typical resource-rich developing country” (Bruun, et al., 1999), focusing on mineral resource extraction (copper and gold) for its exports.

Second, the heavily subsidised crop sector in agriculture, which was concentrated in state farms, largely collapsed (Spoor, 1996). On the other hand, with privatisation of the herds, many herder families retrenched into subsistence oriented animal husbandry. During the decade the total number of animals (of horses, camels, sheep, goats, yaks and cattle) grew, but a large Section of the herders (85.5 percent, see MST, 2001) has less than 200 animals, which, depending on the composition of the herd, is defined by some as the poverty line in Mongolia. As said above, social services in rural areas collapsed, road infrastructure and communications are minimal or non-existent, and private markets for products from the animal husbandry sector are hardly present, leaving the herders in a weak position towards the incidentally passing private trader (Spoor, 1996; Griffin, et al., 2001).

Therefore, in spite of macro-economic stability and steady growth, the country embarked on a rather unsustainable development strategy, depending on the extractive sectors, while leaving aside rapidly deteriorating sectors such as small and medium-scale industry, and a crucial livestock sector that is retrenching into subsistence production. This form of duality is combined with a growing inequality in the Mongolia society, and a substantial part (35.6 per cent) of the population is living in extreme poverty (Griffin, et al., 2001: 51). Just over half of the population (51.7 per cent in 1998) is considered to be really poor, which, if it is not tackled structurally, can lead to growing dissatisfaction, social disintegration and instability<sup>12</sup>. A new broad based poverty alleviation and employment generation program is to be launched soon by the new government, in order to tackle these serious problems.

Finally, in addition to having the above characteristics, Mongolia also became one of the most aid-dependent countries in the world, measured on a per capita basis, but also when GDP is compared with the aid volume. Mongolia has a GDP of around 400 USD/capita, and an aid volume of around 85 USD/capita, which shows substantial dependency on foreign

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<sup>12</sup> There is some confusion about the poverty headcount, as the NHDR Mongolia 2000 states that the population below the poverty line is 35.6 per cent, while Griffin et al. (2001) use this figure for those in extreme poverty.

aid of the Mongolian economy<sup>13</sup>. This is understandable if one takes into account the enormous costs of the transformation, but it reflects an inherent weakness of the development model, with insufficient focus on domestic resource mobilisation (Griffin, et al., 2001).

### 3.4 Transition, Ownership and Technical Assistance

The particular conditions under which the transition in Mongolia took place, and the specific form and content of the systemic transformation of the economy and society as a whole, provide a dynamic context for the development of ownership over processes of modernisation, supported by external technical assistance. This dynamism, however, has various factors to it, not always pointing into a positive direction.

Firstly, within the governmental apparatus, there is a strong desire to modernise the system of governance in the a direction of a merit-based civil service. Interestingly enough, this drive has become independent of the political parties in power. This is combined with a move towards administrative and fiscal decentralisation. Both developments clearly point towards an increase in local ownership, of government agencies which operate on contract and performance related basis, local (*aimag* and *sum*) administrations, and even non-governmental organisations which have considerable room for manoeuvre, contrary to other transition countries. Nevertheless, old habits from the Soviet legacy die only slowly and are hard to change. Radical changes in the economy have also provided opportunities for corruption, which is widespread in Mongolia. Corruption and malpractice in public administration (such as misusing public finance and stealing of assets) have a clearly negative impact on trust in the newly emerging institutions. These counter the positive developments indicated above.

Secondly, the Mongolian government (and the emerging private sector) has shown an enormous eagerness to adopt foreign technologies and experiences, whether this be in methods of governance or in specific sectoral technological development. A high level of educational development, in combination with this eagerness, plays a strong positive role in enhancing ownership of the content of technical assistance. However, the lack of funding of the public sector agencies and of equity capital in private enterprises, the complete aid-dependency of the country, and the severe contraction of the early 1990s (combined with

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<sup>13</sup> In a document presented to the CG meeting in 2001, the Mongolian government presents an estimated annual aid including projects in pipeline of over 300 million USD. However, information from the Ministry of Finance on disbursed aid during recent years and estimates of the ADB indicate an annual volume of aid in the range of 200 million USD for the coming 5-year period.

capital destruction) endanger this positive effect of openness and absorption capacity.

In summary, it seems that Mongolia has followed a transitional strategy, that is positively influencing ownership over processes of modernisation and technical change, which are supported by technical assistance, such as the contract financed KTS-type provided by Sida. The findings of the mission after analysing six KTS projects in Mongolia confirm this general observation.

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# Chapter 4

## Assistance from Sida

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As noted in the Chapter above, the total assistance to Mongolia is at present estimated to be about 200 million USD annually. The major donors are Japan, the ADB, World Bank, UNDP, Germany, Korea, and the USA, contributing between 40 and 20 million USD each. Swedish support is at present in the range of 1–2 million USD per annum. This is of course only a minor proportion of total aid, but nevertheless it is significant for a country without any representation in Mongolia. Furthermore, Swedish assistance is focused on transfer of knowledge in key areas for the transition.

Swedish co-operation with Mongolia was initiated in 1991. The first projects supported were training of civil service institutions (started in 1991) and improved access to water and sanitation (started in 1993). This support was administered by the Board for International Technical Co-operation (BITS), which merged with three other Swedish aid agencies in July 1995 to form Sida. After the merger, the support to Mongolia has, with a few exceptions, been given in the form of Contract-financed Technical Co-operation (KTS).

The overall objective of the co-operation has been to support the transition of the Mongolian society and economy from a one party system and central planning towards democratic institutions, decentralised forms of governance and a market economy. The main areas of co-operation are public administration, water and sanitation, infrastructure, bank management and human rights. The projects supported, periods, agreements and budgeted costs are summarised in the Table below.

<b>KTS Projects and Other Swedish Support</b>	<b>Period</b>	<b>Agreements</b>	<b>Total cost MSEK</b>
Civil Service training*	1991 – 2001	4	18
Water and sanitation	1993 – 2001	2	16
Cadastral System Development*	1994, 2000–2002	2	9
Local Self Governance*	1997 – 2004	2	19
Bank management*	1998 – 2002	3	10
Civil Aviation*	2000 – 2003	2	19
Transmission Grid Study*	2000 – 2001	1	6
Road Safety and Maintenance	2000 – 2002	1	3
National Centre Against Violence	2000 – 2002	1	3
Poverty Program of UNDP	1997 – 2002	2	30
Disaster Relief	2001	1	7
<b>Total agreed</b>	1991 – 2004		<b>140</b>
<b>Estimated disbursements</b>	1991 – 2001		<b>90</b>

In the Table only agreements (phases) of actual project activities (training etc) are counted, excluding fact-findings and evaluations. These latter are however counted in the total cost of the project for all its phases. The KTS projects marked with \* are the ones included in this country study.

In the initial phase of co-operation (1991–1994), the Swedish support basically relied on close contacts and co-operation with UNDP for the selection of projects to be supported. The support for civil service training formed part of the Mongolian Management Development Program supported by UNDP and other donors (see Chapter Three above). Similarly, the water and sanitation project formed part of a broader Program of Poverty Alleviation co-ordinated by UNDP. The support to these projects were, however, not channelled through UNDP, but in the form of parallel financing through the Swedish consultants engaged in the projects.

The Civil Service Training followed basic KTS-characteristics of short-term agreements on specific transfer of knowledge without hardware components. The water and sanitation project, however, was more like a ‘normal’ project support, including a substantial equipment component and on-site transfer of knowledge during drilling of wells.

The co-operation with UNDP has continued during the second half of the 1990s. In the case of the Civil Service training and Local Governance training, UNDP assumed part of the cost-sharing responsibility of the LPO by financing some local costs such as local transports, translation and printing. The first phase of the Local Governance training (1997–

1999) formed one component of four of a UNDP project regarding decentralisation and democracy.

Apart from the KTS projects, Sida has been channelling support through UNDP in form of contributions to the Poverty Alleviation Program (funds from the regional budget allocations for Asia). Sida also contributed disaster relief funds in response to the international appeal in 2001. A possible new form of co-operation could be concessional credits. At present Sida is studying the possibilities for such a credit, of about 80 million SEK, for the rehabilitation of the Central Transmission Grid, following the study performed under KTS-financing.

With regard to the longer-term perspectives of co-operation and contacts, it is still hard to imagine that Mongolia will be interesting for all but very limited foreign investment, commercial credits and contacts in general. This situation makes Mongolia a very different case from, for example Lithuania, in Sida's Contract-financed Technical Co-operation.

In November 2001 the Swedish government approved a Country Strategy for the development co-operation with Mongolia for 2002–2006. The overall objective of the co-operation is to contribute to poverty reduction through support to reform processes and institutional development promoting democracy and human rights. Main areas for project support include central and local government, banking and financial institutions, employment generation, and infrastructure.



# Chapter 5

## Findings

### 5.1 Application of KTS-characteristics

In this Section we first present, in tabular form, the values to which this evaluation arrived for each of the indicators referring to the form of application of the KTS characteristics in each of the projects analysed (see Table 1)<sup>14</sup>. It should be noted that this summary information is a crude approximation, which is complemented and elaborated upon in the subsequent discussion.

#### 5.1.1 Areas and Content of Projects Studied

As was mentioned in the introduction above, the six projects studied in Mongolia were:

- |                           |  |
|---------------------------|--|
| [1] Civil Service         | [4] Civil Aviation                               |
| [2] Local Self-Governance | [5] Rehabilitation Study of<br>Transmission Grid |
| [3] Bank Management       | [6] Cadastral Systems                            |

It is clear that these projects are quite different, belong to the different areas of activity in society and are influenced by different political and economic factors at a macro level. These will be referred to in different Sections below, and are also spelled out in detail in Annex 1 to this report, which contains the case studies per project visited. With regard to their relation to the national context and its influence on ownership, it could be noted that the projects studied relate to three different but overlapping areas of the country's economic and political system, namely governance, economic management, and sectoral development. The six projects could be related to these areas as indicated below. It could be noted that project [6] (Cadastral Systems) could be regarded both as sectoral development in the technical area of development of cadastral systems and field work, and as economic management as these systems forms an important basis for the trading of land property.

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<sup>14</sup> The reader is referred to Chapter 2 above for the exact interpretation the indicators and associated scales. The reader is also advised to keep in mind the cautionary remarks made in that Chapter.

**Table 2: Application of KTS Characteristics in Projects in Mongolia**

Projects	Main Content of Co-operation	Use of Contract Power	Direct Involvement of Sida	Demand-Driven	Cost-Sharing	Degree to which Project is Limited	LPO Competence Tech. Organism.	Swedish Consultant Type of Competence Organism.
1. Civil Service Training	T	I	M	Y	L	L	M	Private
2. Capacity Building for Local Self Governance	T	I	M	Y	L	L	M	Private
3. Bank Management Training	T	I	L	Y	M	M	M	Private
4. Inst. Dev. of Civil Aviation Authority	C/T	I	L	Y	M	M	H	Semi-public
5. Rehabilitation Study of Central Transm. Grid	C/(T)	I	H	Y	M	H	H	Private
6. Cadastral System Development	C/T	I	L	Y	M	M	H	Semi-public

Legend: C: consultancy  
 H: high  
 T: training  
 M: medium  
 I: irrelevant  
 L: low

Governance	[1] [2]
Economic Management	[3] [6]
Sectoral Development	[4] [5] [6]

It could furthermore be noted that the two projects related to governance differ from the other four projects in several aspects. They refer to broad and general issues of public administration, management and decentralisation. Their objectives, and even more so their immediate results, are general and open-ended and therefore difficult to clearly specify and measure. Furthermore, because of the characteristics mentioned, these projects are also liable to political influence. The projects related to economic management and sectoral development, on the other hand, are all much more specific, limited in scope and technical in their objectives and immediate results, and are therefore also easier to measure.

As for the content of the co-operation in the projects, the basic element is training in all projects except [5], although even this project includes training components related to specific technical areas of the study and its use as basis for implementation of the investments proposed. The direct training activities refer to seminars (1–2 weeks) in Sweden and Mongolia and occasionally on the job training in Mongolia. Besides the direct training, consultancies in technical development form part of projects [4], [5] and [6]. It could be noted that the LPOs in these projects express satisfaction with the fact that the consultancies are performed in an interactive and shared way with the LPO, which is not always the case with consultancies financed by other donor agencies. In project [5], the consultancy is naturally the main content of project co-operation, whereas in projects [4] and [6], training is the main element.

### 5.1.2 Contracts

The contract that gives KTS its name, is supposed to empower the local partner in relation to the consultant. Sida does not require any specific format for the *contract* between the LPO and the Swedish partner. However, if the partners are not accustomed to any specific format, they could use a model contract developed by Sida. In any case, Sida is reviewing the draft contracts before they are signed and indirectly gives its approval by referring to the draft while informing the partners of the Sida decision to finance the contract. This information is given in a *Letter of Agreement* to be signed by the client (LPO) in the recipient country, and a *Letter of Undertaking* to be signed by the Swedish partner organisation. These *Letters* have gradually come to include more detailed instructions from Sida (in the form of an Appendix to the Letter) including the contents of the contract, invoicing, payment, reporting, audit and follow-up, and documentation and information in relation to the project. In gen-

eral, these instructions gives the impression of a relatively close control from Sida of the contractual procedures.

In Mongolia, no mention was made by any of the LPOs of using the contract in order to influence the actions or behaviour of the consultants. In some cases the LPOs mentioned that there had been discussions with the Swedish consultants on the content of the co-operation or the individual experts utilised by the consultants. The issues in these discussions had been solved between the parties without reference to the contract. In project [4] there were also intensive discussions between the LPO and the consultant on the content of the co-operation (specific training courses) just before the contract was signed. In project [1] and [2] there had been extensive discussions between both the partners and Sida regarding the application of cost-sharing agreed in the contract. In this case, the consultants reportedly tried to assist the LPOs in solving their problems in providing cost-sharing rather than formally referring to the contract. In these discussions, Sida has played an important role in allowing a flexible application of the cost-sharing requirements.

Both the regulation and approval of contractual procedures by Sida and their application in Mongolia as mentioned above, indicates that both the local partners and the Swedish consultants perceive Sida to be the most important party in relation to the formalities of co-operation, based on the fact that Sida controls the financing. Therefore the contract does not seem to have any effects of empowering the LPO in relation to the consultant. However, the preparation and negotiation of the contract could any way involve elements of capacity development for the LPO, that could possibly be applied in other contractual situations. The fact that the contracts have not been concretely used by any of the partners to influence their relations, is the reason for not including the use of contract as an applied characteristic of KTS in Table 2.

### 5.1.3 Role of Sida

The role of Sida in the different projects seems to have been guided more by the specific circumstances in each case and at each stage of the project cycle. Generally of course, Sida is more involved in the initiation of the project and the selection and contracting of the Swedish partner than during the period of execution of activities. Sida has mostly not been involved in the formulation of the projects. In the case of projects [1] and [2], Sida has been engaged during implementation in relation to the issue of cost-sharing (see above). It could also be noted that the LPOs in projects [1], [2], [4] and [6] stated to the Mission, that they did not have much contact with Sida, these contacts mostly pass through the Swedish partner. Other LPOs noted that they have very close contacts also with

Sida ([3] and [5]). In the latter case, Rehabilitation Study of the Transmission Grid, Sida was involved both in the formulation of the project (ToR for the study) and the tendering for the consultant.

From the discussions the Mission had in Mongolia, it comes out that many of the LPOs compare Sida positively with particularly multilateral donors, as being quicker in its procedures and decisions. It is also considered flexible in negotiations and more prepared to understand the situation, and listen to the priorities and opinions, of the local counterpart organisations.

The influence of Sida's involvement in the case of projects [1] and [2], in relation to the application of cost-sharing requirements, is viewed positively by the LPO, although it does not seem to have influenced the sense of ownership in one way or the other. The general remarks on Sida compared with other donors also indicate that Sida's role, in practice and not only in theory, is mainly one of promoting the ownership of the LPO in the different stages of project agreement period. There are, however, two aspects of the KTS aid-form, through which Sida may have a negative influence on local ownership. One such aspect is the strict control over the form and content of the contract between the partners (i.a. through the exchange of letters between Sida and both the consultant and the LPO – see under b) above). Another aspect limiting ownership could in some cases be the short agreement periods of consecutive project phases (see under f) below).

#### 5.1.4 Demand-Driven

Another KTS characteristic is the local demand for the projects. All KTS projects in Mongolia, and possibly in most other countries, are demand-driven, as required by KTS, in the sense that they are requested by the LPO based on genuinely felt needs for development of capacity and competence in the respective areas. The specific question of how the demand initially was identified, or in other words, who took the first step, is normally not easy to clarify, as this often took place many years ago.

For the projects studied in Mongolia it was, however, evident that the participation of Mongolians in the international courses in Sweden financed by Sida had been important. Apart from providing new knowledge in the specific field of the courses, this participation also meant exposure to modern ways of organisation and implementation, as well as contacts with competent Swedish consultants, in the respective areas. In some projects, both the contacts with Swedish consultants and the understanding of the need for specific technical assistance, was also provided through projects implemented by multilateral agencies in Mongolia. From the interviews with the LPOs, and also through the interviews with both the

Swedish consultants and the programme officer at Sida, it is evident that there is a clear demand for the competence and capacity developed in the different projects. This demand is expressed by the commitment of the LPO to both the objectives and the implementation of the projects.

### 5.1.5 Cost-Sharing

Cost-sharing is also a requirement for KTS projects, meant to guarantee commitment and priority for the project from the LPO. The six projects studied fall into two distinct categories when it comes to cost-sharing. The first category is formed by projects [1] and [2], related to governance. In both projects it has been difficult for the LPO to mobilise the expected funds for local costs, as they have no income other than its relatively restricted allocation (mainly for salaries) in the government budget. Some of these local costs were initially provided for by UNDP, as both projects have formed part of broader programs co-ordinated by UNDP. For these two projects, Sida seems to have been reasonably flexible in successively allowing most local costs to be financed by the Sida contribution. However, the discussions and negotiations with UNDP and Sida on this issue seem to have required considerable effort and energy from the LPO. Neither Sida's initial request for, nor the extended discussions on, cost-sharing in the case of these two projects seem to have contributed to the sense of local ownership by the LPOs.

As for the other projects [3]–[6], cost-sharing does not seem to have been a problem, as they all have access to incomes (and sometimes even hard currency) earned for their respective services. The cost-sharing has thereby possibly contributed somewhat to the sense of local ownership. In project [3] there was even reference to cost-benefit analysis, since much of local costs for the trainees had to be borne by the individual commercial banks participating in the project.

### 5.1.6 Limited Projects

All KTS projects started in Mongolia during the 1990s have continued over more than one agreement or contract period, and sometimes over several periods (project [1]). From the meetings held with LPOs having new projects started in 2000, it seems likely that even these LPOs will present requests for continued support during the coming year. Therefore it is the contract/agreement period of 1–2 years that are limited, rather than the projects as such. At the same time the short contract periods implies good and repeated possibilities for Sida to assess performance and needs for further support. The relatively short contract periods have different effects for the ownership and commitment of the LPO in the different types of projects.

As mentioned above, projects [1] and [2] are of a more extended and open-ended character than the others. It is more difficult to build the general capacity and competence in these projects over short periods. It is therefore no surprise that the Civil Service training project is presently entering its 4<sup>th</sup> consecutive phase. In fact, both the LPO and the Swedish partner in this project express the view that the support possibly could have had much greater effect if it had been planned for a longer period, and also involved more funding. It seems difficult to assess how the short agreement period has actually affected ownership in the case of the governance projects, as the priorities assigned by responsible government representatives to projects [1] and [2] have shifted somewhat with the changes of government in both 1996 and 2000. A hypothesis could be that a longer agreement period would have further strengthened the LPO (managers of the Cabinet Secretariat) as the owner of the training project as ‘non-political’ civil servants.

Although project [3], Bank Management includes general management issues similar to the governance projects, it could primarily be regarded as a technical training project similar to the projects regarding sectoral development [4] and [6]. In the case of these projects, the short periods of agreement phases seem to be more appropriate. The phases are clearly related to training in specific technical areas, which could be accomplished and also measured over a shorter period, although in these projects there is also a tendency to continue over several phases. From the interviews with the LPOs and also the Swedish consultants involved in these projects, it seems that the short agreement periods could have a positive influence on ownership, as they give confidence to the LPO when being able to show clear and positive results for each phase completed.

Project [5], Rehabilitation Study of the Transmission Grid, is a special case with regard to the agreement period, which is shorter than the average in other projects (less than a year). It is very clearly a one-phase-project (as KTS) with the specific aim of preparing the basis for another aid-form, the concessional credit. In this case, therefore, the limited period of agreement is most appropriate.

### 5.1.7 Competent Partners

As to the competence of local partner organisations, this evaluation distinguishes technical competence from organisational capacity, and both are scored in relation to the challenges posed by the respective project. In this way, for instance, High or Low for technical competence are not absolute scores; they simply indicate corresponding capacities of the LPO to take full advantage of the transfer of technical knowledge realised by, or with the help of, the project.

The process of implementation and results of projects, as evidenced in interviews with LPOs, Swedish consultants and Sida staff, show that the LPOs in all projects in Mongolia have both sufficient technical and organisational competence to understand, assess the need for and assimilate the results of the technical co-operation provided through the projects. When it comes to technical competence, it seems that the LPOs in the three projects for sectoral development ([4]–[6]), have a relatively higher technical competence in their specific fields in relation to the challenges posed by the project activities, when compared with the other three projects. The organisational competence seems, however, to be fairly similar in all projects, as indicated by the fact they all mentioned the training in general management as an important component of each project.

#### 5.1.8 Swedish Consultants

The Swedish consultants involved in the projects studied in Mongolia are either private consulting companies in their respective fields (governance, bank management and electrical energy transmission), or semi-autonomous international consulting branches of Swedish government agencies (civil aviation and cadastral systems). The competence of these Swedish partners is without exception considered to be very good by all the LPOs and stakeholders contacted by this Mission. This refers both to their professional competence in the respective fields, to their competence in organisation and management, and also to the way of adapting to the particular situation and culture in Mongolia. The Swedish experts were said to be hardworking and flexible, to work in a participatory way and be prepared to listen to the opinions of the LPOs. This does not mean that there were no problems, but that they were reportedly solved, in a climate of open discussion and co-operation, to the satisfaction of the LPOs.

It could therefore be concluded that the Swedish partners, although the length of their co-operation in Mongolia differs, adapt their technical competence, try to understand the situation of the LPOs, build confidence and in this way promote local ownership.

#### 5.1.9 Concluding Remarks on the Application of KTS Characteristics

From the above analysis of the application of KTS characteristics in Mongolia it could be concluded that the formal characteristics had been applied with flexibility and in a pragmatic way depending on the situation of different projects; such as for example regarding cost-sharing. The selection of projects has been highly relevant for the transition process in Mongolia with regard to central and local governance, economic



management and development in important sectors such as land registration, air traffic and electrical energy distribution. The local partners have had sufficient competence and the Swedish consultants have been most competent both technically and in adapting to local situations. The general impression from all projects studied is that they all have been relatively successful and that this is linked to a strong sense of ownership, as will be shown in the next Section below.

## 5.2 Local Ownership in KTS Projects

This Section gives first a presentation in tabular form (see Table 2) of the values to which this evaluation arrived for each of the indicators referring local ownership in each of the projects analysed<sup>15</sup>. This information is complemented and elaborated upon in the subsequent discussion, which focuses on each of the different aspects of ownership, in the six projects examined. It should be noted that the analysis of ownership refers to the present phase and current situation in each of the projects.

The Table presents an overview of ownership in the KTS projects and distinguishes between ownership of knowledge outputs, objectives, formulation, and implementation of the projects.

### *a) Ownership of Knowledge Outputs*

The ownership of knowledge outputs in the projects is generally high. This is related to the strong ownership of objectives and the shared ownership of implementation. When it comes to making direct use of the knowledge and competence acquired, some differences could be noted between the projects. In general it seems that the training in all projects has resulted in a ‘change of minds and ideas’. The application of this knowledge in terms of a ‘change of work’ (methods and organisations) can also be found in all projects (see project descriptions below), albeit to different extents. This application seems to have been much easier and smoother in the more technically specific sectoral development projects than in the governance projects.

### *b) Ownership of Objectives*

The LPOs in all projects studied show a high degree of ownership of the objectives of the projects, which is based on the following facts:

- The LPOs have been active in initiating the project through contacts with both Sida and the Swedish consultants.

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<sup>15</sup> The reader is again referred to Chapter 2 above for the exact interpretation the indicators and associated scales.

**Table 3: Ownership in KTS Projects in Mongolia**

Project	No of phases	Ownership				
		Knowledge Outputs	Objectives	Formulation	Relations with Sida	Implementation Management & Monitoring
Civil Service Training	III a)	H	(H)	L	M	S c)
Capacity Building for Local Self Governance	II	H	(H)	L	M	S c)
Bank Management Training	III	H	(H)	M	M	S c)
Inst. Dev. of Civil Aviation Authority	II	H	H	M	L	S
Rehabilitation Study of Central Transm. Grid	I	H	H	H	H	S
Cadastral System Development	I b)	H	H	M	L	S

Legend: H: high M: medium L: low S: shared

- a) Two phases as KTS completed (94-97, 97-00), a third phase planned (02-03). Earlier initial phases (91-94).
- b) An earlier project in 1994 had very little relation to the ongoing project (2000-02).
- c) Shared implementation with needs assessment performed by the LPO.

- The LPOs express a clear understanding of the need for the training provided through the projects for the improved performance of their respective tasks.
- The LPOs express strong commitment to achieving the objectives of the projects during the implementation.

This impression from interviews with the LPOs is also confirmed through the contacts with other stakeholders in Mongolia, Swedish consultants and the responsible program officer at Sida. Although there is in general a high degree of ownership of objectives in all projects, some differences could be noted between the projects with regard to the importance of these objectives for the LPO, and also to the nature and composition of the LPO itself. These differences mainly follow the classification of projects mentioned above, in those related to governance on the one hand and those related to sectoral development and economic management on the other.

In the case of project [1] (Civil Service training), the LPO is formally represented by the leading staff of the Cabinet Secretariat, that was recently changed with the change of government. These formal LPO representatives seem to be somewhat less committed to the project objectives than the person responsible for the project (Head of Department) within the Cabinet Secretariat. This situation has on some occasions weakened and reduced the participation in the training from other ministries. However, the fact that the person responsible for the training project has been involved with the project under three different governments, since its initiation in the early 90s, shows that there is some degree of continuity in the central administration. This fact, and the continuation of the training project in itself, also show that some steps are taken towards a merit-based civil service. The content of the project could therefore possibly be said to have strengthened the ownership of the project by the civil service administration.

Project [2] (Local governance training) has also the Cabinet Secretariat as the formal LPO. However, in this case, the active partner to the LPO and main stakeholder is the Mongolian Association of Local Authorities (MALA). Although also influenced by political factors and changes of government, this association is developing its role and involvement in shaping local government, local democracy and decentralisation in general. For this reason, MALA and its members are genuinely committed to the objectives of the training project. Part of the project is also aimed at the strengthening the role of MALA itself. Similar to project [1] above, the content of the project is also in this case directly strengthening the ownership of the LPO.

As shown above, the KTS projects have been important for the LPOs in projects [1] and [2], at least for the parts of the LPOs directly involved in project management and training activities. Project [3] (Bank Management training) has also been of great importance for the formal LPO, the Central Bank. This refers both to the training of the staff of the Central Bank itself and to the development of competence for staff in the commercial banks, in order to guarantee a well functioning banking sector in the country. The directly involved part of the LPO, which in this case is the Bank Training Center, seems however still not to have got enough capacity and resources (three permanent staff only) to be able to own the project in the same sense as the Central Bank. An example of this is that the Bank Training Center has not yet started to make use of the staff trained as trainers in the KTS project for its own general training program in Mongolia.

For the three remaining LPOs in areas related to sectoral development, the KTS projects could be said to have been of even greater importance. The training and consultancies provided seem to be vital for the performance of the main task of these LPOs. In the case of projects [4] (Civil Aviation) and [6] (Cadastral Systems), the training provided is indispensable for the LPOs with regard to the effective utilisation of recently installed equipment financed through multilateral lending. In the case of project [5] (Rehabilitation Study of Central Transmission Grid), the KTS project is the basis for the future operation of the LPO, as responsible for the central transmission of electric energy. The understanding of this importance and the commitment to the projects are very clearly expressed by LPOs in all these three cases.

### *c) Ownership of Project Formulation*

The formulation of a project idea into a detailed project seems to have involved the Swedish consultant more than the LPO. This is a reflection of the fact that the Swedish partners have the capacity for detailed formulation as part of the knowledge that the LPO is requesting, although the Mongolian partners have been quite clear in their demands in general (see above). The role of the Swedish partner is generally also more pronounced in the first phase of the projects. In further phases, more influence in terms of expression of demand and ideas, has come from the LPO, as experience grew and needs became more precisely defined, or even changed.

Although it is difficult to compare and distinguish the degree of involvement between the projects, some difference is noted based on the following facts. In the case of projects [1] and [2], the Swedish consultant had been specifically asked by the LPOs to draft the recently presented proposals for new phases of these projects, although these projects have been

going on for a longer time than the others. The request for project formulation is in these cases, however, more related to the structure and wording of the proposal than the actual content of the training. In the case of projects [3], [4] and [6] there seems to have been active participation of the LPOs in the formulation, although it was mainly performed by the Swedish consultants. Project [5] is, as noted above, a special case with regard to project formulation. The initial proposal for a study, as well as the Terms of Reference for the tendering and the selection of the consultant of the consultant were all prepared by the LPO, although in extensive contact with Sida.

#### *d) Ownership of Implementation*

Ownership of implementation is subdivided into two aspects: who owns (i.e. controls, takes responsibility for) the relations with Sida, and who owns management (of which monitoring is a part). As noted under 5.1 g) (Role of Sida) above, most of LPOs state that their relation with Sida is mainly handled by the Swedish consultants, although this does not seem to have a negative effect on ownership of implementation. In projects [1] and [2], the LPO have had some specific contacts with Sida regarding cost-sharing, where it actually has been supported by the Swedish consultants. In project [3], part of the LPO (Bank Training Center) noted close contacts with Sida, which were, however, not confirmed by either Sida or the consultant. In project [5], on the other hand and for the reasons mentioned under b) above, the LPO is clearly managing the relations with Sida.

The management implementation of all the projects was basically done jointly. In practically all cases it was acknowledged that the Swedish consultant (and in some cases also Sida) was sensitive to the needs of the Mongolian LPO. Plans for training courses were made jointly and changes were introduced when this was considered necessary after joint consultation. Some particular issues were interesting to mention, and the following is an example of these. In project [3], the Swedish consultant explicitly discussed with each of the participants of the training in bank management, which specific project of change (in 'best practice', management methods, or organisational form) they wanted to focus on as a result of the training. This choice later on received a follow-up, so that there was a concrete linkage between needs analysis, training and implementation. This linkage between needs assessment and training was also apparent in the case of projects [1] and [2].

#### *e) Other Processes: Ownership of Tendering and Evaluation*

For the reasons indicated in Chapter 2 above, neither ownership of tendering nor of evaluation have been included in Table 3. Some observations seem in order, however, about these two aspects of ownership of processes.

In relation to tendering, it can be seen in Annex 1 that, of the six projects examined by this evaluation in Mongolia, there was tendering in only two. In the first of these, the consultants were ‘selected by Sida in collaboration with the Cabinet Secretariat’. Given the difference in knowledge about Swedish consultants, and the fact that the project was being funded by Sida anyway, it is difficult to conceive of the role of the Cabinet Secretariat as being more than one of going along with Sida decisions – which does not indicate much ownership, but may lead to useful learning about how to organise a tendering procedure, and what factors to give most weight to in making a selection.

In the second tender, the LPO actually drafted Terms of Reference (to which Sida introduced lots of changes) and set up a Tender Evaluation Commission, to work with Sida in the evaluation of bids. However, after this commission chose a bid, Sida advised in favour of another, and this latter was eventually chosen. Although the learning process may, again, have been very useful to the LPO, this sequence of events must be interpreted as indicating less than full ownership of the tendering process by the LPO.

As for evaluation, this has been left out because the situation is the same for all projects. On the one hand, the LPO plays (or is supposed to play) an important role in project reporting, approving progress reports and co-authoring final reports. This reporting is an important input into the evaluation process, particularly since the reports are often the main basis for Sida decisions on new phases – an input, but *not* part of the evaluation. On the other hand, all specifically commissioned evaluations are carried out by – and for – Sida only, without any involvement of the LPO.

It may be concluded from all this that there is not much local ownership of either tendering or evaluation, although particularly in relation to tendering this situation may conceivably change as the LPOs acquire the necessary expertise and self-confidence. At the same time, since Sida will continue to have much better knowledge of the Swedish consultant scene than any LPO, it is difficult to conceive a situation where the LPO will exercise complete control over consultant selection, without interference or advice from Sida.

#### *f) Concluding Remarks on Contextual Factors Influencing Ownership*

The different aspects of ownership presented above can not always be clearly separated and are therefore sometimes overlapping. A way of summarising the picture of ownership presented above could be to look at the influence of external factors in the national context that might define the importance of the project and its knowledge and competence development for the LPO. In a transition country as Mongolia this is appro-

priate, as the national political scene has dramatically changed a number of times during the past decade, and the country has had various deep economic and financial crises (1990–1993, 1996 and 1998–99).

The context in which knowledge and competence development takes place should also be seen in an overall radical transformation of ‘old’ (based on a Soviet-type economy and political governance structure) to ‘new’ ideas (derived from market economies and a pluralistic democratic society and corresponding forms of governance). However (as noted under *d*) above) a ‘change of mind’ does not necessarily lead to a ‘change in work’, as this depends quite a lot on the leadership of the LPO (and even on the top levels of the government in place). In the following paragraphs, the mission has tried to explore these factors for the different types of projects studied.

In relation to projects [1] and [2] related to governance, we have noted (see under *a*) above) that the importance of knowledge transfer for the LPO should be seen in the light of the dramatic political changes during the decade of the 1990s, such as the changes of government in 1996 and in 2000 (swinging the pendulum from one extreme to another and back again). It was not so much that the people directly involved in the projects were influenced by the changes, but there was a radical change in leadership. The latter defined less or more support to the project, and hence the importance that was given to the knowledge transferred, depending on which direction the political winds blew. This is no surprise for the two projects that deal with governance, transparency, accountability and the very fundamentals of public administration.

A similar phenomenon can be observed with project [3] in economic management, as Mongolia has passed through some deep economic crises, which were partly caused by the lack of economic management knowledge and experience in a market-oriented economy. It could be noticed that after the banking crisis of 1996 and the one from 1998–99, both largely to attributed to bad lending practices, the Central Bank gave much more priority to training of high-level personnel of the Central Bank and the emerging commercial banks, than was the case beforehand. From reasonably important, external factors made the transfer of knowledge in this field into one of strategic importance.

In the projects that were more related to sectoral development – [4], [5] and [6] – the external factors were different. Firstly, the LPO of project [6] was weak, and played only a marginal and rather technical role in most of the 1990s. With a more active implementation of the Land Law (that was approved in 1994), towards the end of the decade, land information and cadastral systems (and the techniques needed to have them operational) suddenly became of strategic political significance. Secondly,

for project [4] (Civil aviation), that struggles with a technological legacy of the Soviet era, two major loans by the ADB had brought about significant improvements in the hardware and infrastructure of the LPO. The specific transfer of high-tech knowledge and tailor-made management methods that came with the KTS project therefore fitted very well, and the importance was seen strategic by the LPO.

Finally, in the cases of projects [4] and [5] the LPOs are actually government agencies that have been transformed into more or less autonomous companies. Although still fully state-owned they have considerable room for manoeuvre, in particular in their search for private investors or concessional loans. It could be observed during the time the Mission was in Mongolia, that both the Civil Aviation Authority (with a well-organised and attended donor conference) and the Energy Authority (now Transmission Grid Joint-Stock Company negotiating with Sida on a large concessional loan) were very active in this process. They both showed that the knowledge acquired in the KTS projects (and additional other training they had received) was essential in looking for (partly private) investment funds in their respective sectors. In the latter case complete tender documents had been prepared by the Swedish consultant, as an essential ingredient to the current negotiations.



# Chapter 6

## Conclusions Regarding the Relation Between KTS Characteristics and Ownership

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Based on the findings presented in Chapter Five, this Chapter sets out to identify the likely influence of the KTS characteristics on local ownership in the Mongolia context. In order to do so, we use a classification of the characteristics in four groups, those that:

- a) are irrelevant for local ownership;
- b) select likely cases of strong local ownership;
- c) facilitate, nurture and stimulate local ownership; or
- d) inhibit or discourage local ownership.

### *a) Irrelevant Characteristics*

- ***Cost-sharing.*** The specific criteria of KTS projects regarding cost-sharing seem, in the case of Mongolia, to be more suited for the transfer of specific knowledge related to sectoral development in high-tech areas, than to more general and open ended processes of knowledge development and change related to governance and public administration. Although some of the LPOs in Mongolia have problems in contributing to the costs of the projects, this characteristic does not seem to be of much relevance for the ownership of the projects. The general demand for cost-sharing, in the way of at least contributions in kind, is furthermore in no way different from development co-operation projects in general.
- ***Role of the contract.*** The contract is not used by either of the partners as a formal basis for influencing behaviour or pursuing power. The regulation and approval of contractual procedures by Sida together with its financing role seem to make Sida the dominant part in relation to the formalities of the co-operation.

*b) Characteristics that Select Likely Cases of Strong Local Ownership*

- **Areas and content of co-operation.** The areas of KTS co-operation selected are highly relevant for the political and economic transition pursued in Mongolia. The objectives of the projects supported have been important or even vital for the local organisations involved. Although the detailed project formulation has been performed by the Swedish partner, implementation has in all cases been a joint endeavour of dialogue and close co-operation. The fact that the KTS projects are focused on training and do not include equipment, also seem to facilitate the selection of LPOs that are well aware of their needs for knowledge and competence development.
- **Demand-driven projects.** This characteristic is related to that of the area and content of co-operation. The projects in Mongolia are demand-driven in the sense that there is a clear demand for the knowledge and competence provided, which leads to a strong commitment and ownership. The first step in initiating the co-operation (contacts with Sida and the Swedish consultants) has often been taken by the Mongolian partner in relation to their participation in international training courses in Sweden or in relation to larger projects with multilateral loan financing.
- **Competent LPO.** As shown above, the competence of the LPO is closely related to selection of areas of importance for the transition process and to the understanding of the needs for knowledge and competence development for the fulfilment of their respective tasks in this process.

*c) Characteristics that Facilitate, Nurture and Stimulate Local Ownership*

- **Length of projects.** The fact that the projects are not so limited in time, but continue over several agreement periods, seems to lead to the development of a good relationship between the LPO and the Swedish consultant, which promotes local ownership both of the objectives, implementation and results of the project. The relatively short agreement period is an incentive both for the LPO and the consultant, to show successful results for each phase of agreement in order to secure continuation of the co-operation and support from Sida. This effect seems to be easier to realise in projects in the area of sectoral development, where it is possible to formulate clear results for a relatively limited period of technically oriented training. The development and use of new competence in the governance projects seems to be a longer process. In these cases the actual use of new knowledge in the form of a change of work is not yet evident, although there are clear manifestations of a change of mind.

- **Competent Swedish partner.** The competence of the Swedish consultants facilitates ownership in the way that they provide, not only high technical expertise in their respective areas, but an approach to training and capacity building, which is interactive and promotes co-operation. Furthermore the adaptation to the situation and conditions in Mongolia shown by the Swedish consultants is also a factor with positive influence on the sense of ownership of the LPO.
- **Shared commitment and co-ownership.** The understanding of the needs for knowledge and competence development and the commitment to the objectives and the implementation of the projects taken together with the competence and way of working of the Swedish consultants lead us to the identification of specific characteristic of the KTS projects in Mongolia which could be defined as a shared commitment and a co-ownership of the projects. The fact the projects could be defined as co-owned does neither reduce the ownership of implementation on part of the LPO, nor the longer term sustainability of the results achieved. On the contrary, the co-ownership seems to have strengthened the LPO and lead to a gradual development of confidence in their respective tasks.
- **Role of Sida.** Sida seems generally to have played a positive role in stimulating local ownership by approving projects in areas of relevance for the transition process (see above). The agency also seems to have been flexible in its involvement related to the situation of the each project. This involvement is noted more in the governance projects than in most of the others. One reason for this seems to be the problems for the former projects related to cost-sharing. Another reason could also be the relatively higher sensitivity of the governance projects in relation to government changes.

An exception regarding Sida involvement among the projects in the area of sectoral development is project [5]. In this case, Sida was heavily involved, as this project is actually an important step in the preparation for a concessional credit. Furthermore, this case could also be seen as an example of another intended aim of KTS projects that is to prepare the LPOs for commercial contacts. The projects [3], [4] and [6] could also be said to have certain effects in this respect, although the possibilities for commercial contacts and credits are limited due to the economic situation. However, the KTS projects could be an important basis when applying for concessional credits also from other donors than Sida.

d) *Factors that Inhibit or Discourage Local Ownership*

- As was remarked at the end of Section 3.3, within the specific transition that has been followed in Mongolia, corruption and malpractice

in governance, which are widespread in the country, negatively affect the ownership of technical assistance. If one would positively define the concept ownership, it is clear that stripping of assets or spontaneous privatisation as it is sometime called, do not contribute to such a process. The generally poor state of infrastructure, the insufficient funding of public agencies and programmes, and lack of equity capital in private enterprises, have made the country completely dependent of foreign aid. The fact that Mongolia is one of the most aid-dependent countries in the world is actually quite contrary to the positive development of ownership in the economy.

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# Annex 1

## Project Summaries and Detailed Findings of the Mission

### PROJECT 1: PUBLIC ADMINISTRATION AND CIVIL SERVICE TRAINING

#### Project Objectives:

The objective of this project is to assist the Cabinet Secretariat in changing public administration methods and management practices within government agencies. It is linked as the “Civil Service Training and Consultancy” component to the overall “Management Development Programme”, co-ordinated by UNDP. This in turn is part of the “Mongolian Management Development Programme” (MMDP).

#### Brief Summary of Project Data:

Swedish consultant:	SIPU International
Local partner organisation:	Prime Minister’s Office, Cabinet Secretariat
Local stakeholder (s):	Cabinet Secretariat and various Ministries
Number of agreements:	2 + 1 indicative
Phase I:	1994 – 1997
Phase II:	May 1997 – July 2000
Phase III – planned:	2001 – 2003

#### Ownership and Application of KTS Characteristics:

##### • *Ownership of Objectives, Project Formulation and Implementation*

The phases I–II of this project are actually themselves a follow-up of a project with similar objectives, focused on institution building, executed with the Institute of Administration and Management Development (IAMD) of Mongolia, between 1991–94 (3 agreements). By the end of this project the IAMD showed less interest in continuing training for civil servants, moving more into research and academic teaching programs. Therefore the LPO became exclusively the Cabinet Secretariat. As this project has such a long history it would be impossible to track down the *origins of the project*. The Swedish consultant has been present in Mongolia since 1991, and therefore there is a long process in which objectives were jointly formulated and adjusted.

During the second phase it was intended that also the Ministry of Finance would be an important stakeholder of the training activities and capacity building of the project, but because of the radical change of government (into a much more neo-liberal direction), there was limited interest from their side. That change also gave impetus to less support from the top-management of the LPO, in spite of the continued efforts of the Mongolian and Swedish project managers. The metaphor for ownership (or the lack of it) was that the new leadership saw this project as a baby which “they had not fathered”. It did not, however, endanger the execution of the project, although a contradiction arose towards the end of the second phase in which participants in the course were not sufficiently supported by their respective managers, and therefore sometimes had difficulties in attending the courses. This, according to the LPO-project manager, who had been there since the early 1990s, led to a less optimal use of the opportunities the project actually offered.

Ownership in terms of the *capacity to formulate project proposals* to be submitted to Sida (or any other donor), remained limited throughout the various phases, not so much in terms of ideas and formulated demands, but related to the procedures and requirements of such proposal. The Swedish consultant was very active in assisting the LPO in doing this. *Results*, measured in knowledge transfer, were indeed appropriated by the participants of the courses, leading to a ‘change of mind’ and (see below) in some cases also to ‘a change of work’. This was particularly the case in the most concerned part of the LPO, namely the Department of Human Resource Development, within the Cabinet Secretariat. While the Mongolian project director did not specify this, the Swedish consultant was actually clear in emphasising that there had been a change in working methods, bringing transparency and new forms of management.

• *Importance of Knowledge Transfer for the Local Partner Organisation*

Following the previous part, the importance of the project for the Mongolian LPO, the Cabinet Secretariat (and previously the IAMD) has been substantial. It was one of the first projects that contributed to changing governance styles and bringing issues, such as management in public administration, consultancy, constructing a “learning organisation” and competence building into the realm of public agencies in Mongolia. This is essential in the period of transition towards a market economy and a pluralistic democratic society.

In the interviews with the evaluation mission, the importance of the project for the Cabinet Secretariat was emphasised. Nevertheless, since the participants of the training activities were often from various ministries, it is more difficult to estimate the importance within their respective departments. In particular this is so, because of the dramatic political change in the period 1996–2000, coinciding with the execution of the second phase of the project (although prepared under the previous MPRP government).

• *Relations between Partners and Their Respective Competence*

As indicated above, the relations between the LPO and the Swedish consultant

have been longstanding. The Swedish consultant showed great sensitivity in adaptation to the specific conditions of Mongolia and empathy to their counterparts, which was and is highly appreciated. There was also strong continuity in the LPO, although the project director was degraded in rank during the MDU-government.

The relationship between the two partners has been one of trust, and strengthened at a personal level. This was confirmed also in the conversations with the Swedish consultant, who was involved in another project during the Mission's stay in Mongolia. The Mongolian LPO expressed great satisfaction with the competence of the Swedish consultant. According to the LPO the success of the project was largely due to the competence and good co-operation that had taken place over a long period of time. Until now, no tendering has been done, and the rationale for choosing the Swedish consultant has been its long-standing involvement in this field in Mongolia. The LPO Project Director even showed serious concern about the possibility that within a tendering procedure for the coming phase III, another (new and inexperienced) Swedish consultant would emerge.

### • *Cost-sharing and Ownership Enhancement*

Cost-sharing has been very limited until now, during the various phases of KTS co-operation. Actually it was agreed that UNDP (as the project was linked to the Management Development Program) would pay for some of the local costs, such as translators, coffee breaks, handouts, printing and stationary. According to the LPO Project Director, the relationship with UNDP was such that he eventually got "tired from asking for the money". Although most was eventually paid, SIPU had to ask Sida to be very flexible in paying for local costs, within the established budget, but not originally earmarked within it. In this "soft sector" of governance and institution building, where the LPO has no income generation source, it remains doubtful whether cost-sharing really contributes to local ownership. In this case, it seems to have worked contrary to theoretical assumptions about local cost-sharing, as it created continuous headaches for both partners. UNDP decided not to contribute anymore, and in the third phase plan, ("Good governance in a Democratic Mongolia") it is actually proposed that Sida also finances most of the local components.

### • *Appropriate Length of Project/Number of Agreements*

The Civil Service Training Project has a long history of phases, as described above. That is not so strange to imagine beforehand, as public administration and management reforms are, in the particular transition Mongolia finds itself, a long and open-ended process. It is difficult to see the effectiveness and even the specific contribution to ownership of the KTS-form of co-operation, as these depends very much on the appropriate length of the project. It was emphasised by both partners that a longer project co-operation, at a wider scale, would possibly have created a greater impact. The series of agreements and contracts between the same partners show the usefulness of the transfer of knowledge and 'best practices', and the trust both 'competent' partners had and have in each other.

- *The Role of Sida*

In general there was appreciation by the LPO on the role of Sida, in particular in relation to the flexibility and consistent support it showed during the years. As mentioned above, Sida has played a role in the execution by being flexible with regard to the financing of local costs. Otherwise Sida's role has been limited, mainly because of the active and trustful Swedish consultant, with good relations to the LPO. The fact that Sida has no direct representative in Ulaan Bataar makes the process of submitting project proposals complicated. The proposal for the next phase of the project goes from the Cabinet Secretariat, through the Ministry of Finance and Economy (previously the Ministry of Foreign Affairs), to the Swedish Embassy in Beijing, who then forwards it to Sida in Stockholm.

## PROJECT 2: LOCAL SELF-GOVERNANCE

### Project Objectives:

The project has as main objective the building of capacity for local self-governance, focusing on members of the elected *Khural* (assemblies) of *Aimag* (province) and *Sum* (municipalities) representatives and staff of the public administration at these levels. The objective is also to strengthen the Mongolian Association of Local Authorities (MALA), to promote twinning arrangements with Swedish municipalities, as well as research co-operation, in order to undertake policy-oriented research.

### Brief Summary of Project Data:

Swedish consultant:	Swedish Association of Local Authorities (SALA) and SIPU International AB
Local partner organisation:	Prime Minister's Office, Cabinet Secretariat
Local stakeholder:	Mongolian Association of Local Authorities (MALA)
Number of agreements:	2
Phase I:	May 1997 – Feb 2000
Phase II:	Sept 2001 – Aug 2004

### Ownership and Application of KTS Characteristics:

- *Ownership of Objectives, Project Formulation and Implementation*

One might say that this project was in a certain sense an offspring of the Civil Service Training project. Although the theme of decentralisation was still taboo in the early 1990s under the first MPRP government, it did come up in study trips to Sweden. Local government, and the problems to govern a large and relatively thinly populated country such as Sweden, brought some very comparative issues to the visiting Mongolians.



In terms of who initiated the original idea and formulated the project, this was partly 'translated demand'. UNDP came with the idea of the Local Self-Governance project and asked Sida if they could finance such endeavour. After formal request from the Mongolian government and a tendering process, SALA (the Swedish Association of Local Authorities), in co-operation with SIPU International, was selected by Sida in collaboration with the Cabinet Secretariat. On the Mongolian side the main stakeholder became MALA (still rather in its early stages of development, as it was established in 1994).

The project worked initially with 6 pilot *Aimags*. However, soon after the first training of trainers had been performed and considered to be positive, within the same budget, all 21 *Aimags* were covered. The implementation of this project was timely, as the post-1996 MDC-government gave great priority to decentralisation. The first project phase was completed by early 2000. A striking feature in terms of the appropriation of knowledge, was the eagerness of the group of Master Trainers (25) that had been formed (and started training in the aimags), to continue with the project.

According to the Sida Program Officer for KTS projects in Mongolia, the parties involved agreed to wait with the start of the next phase until the authorities elected in the middle of 2000 have had time to get some experience in their functions. In the preparations for the new phase, SIPU again assisted in the formulation of the draft project proposal.

The proposal was then (fall of 2000) submitted from the Cabinet Secretariat to the Ministry of Finance (in order to be formally transmitted to Sida – see under Civil Service Training above). There was, however, a substantial delay in this process, with the consequence that the new contract and agreements were not signed until September 2001. This delay caused most of the trainers to move to other jobs (although this is not altogether negative, because some, in particular women, have been promoted to high positions in their respective *Aimag*-governor's offices).

### • *Importance of Knowledge Transfer for the Local Partner Organisation*

There are two aspects to the way the KTS project and the knowledge and experience that was transferred to the LPO has influenced the counterpart and the stakeholders. Firstly, the political environment for the factual implementation of decentralisation has changed drastically during the first decade of transition. The constitution of 1992 paved the way for decentralisation, by forming a two-tier governance structure at local levels, namely the Governor and the local *Khural* of elected representatives. However, during the MPRP-government local authorities were confronted with major problems in terms of delivering social services.

After the collapse of the *Negdels* (agricultural co-operatives) in the early 1990s, this burden was shifted towards the local *Aimag* and *Sum* authorities. However, insufficient resources, deteriorating infrastructure and communication made their task near impossible. The MDC-government placed decentralisation on top of its agenda, as it fitted much more in the vision of a small enabling state. Whether

in practice this meant an improvement, is difficult to say. Finally, the recently re-established MPRP-government, seems to take decentralisation seriously, but is contradictory in its interventionist moves towards centralisation of tax collection.

Second, it seems that in spite (or maybe because) of the political changes, the main stakeholder of the project, MALA, has benefited substantially, and learned as an organisation throughout the period, to become more and more the recognised representative channel for the local *Khural*s vis-à-vis the national political scene. While they had for some time still an aura of being urban-biased, they have grown into really representing the voice of the rural provinces and districts, therefore presenting countervailing power against the central government. In the current phase MALA is also much more the decision-maker (although the Cabinet Secretariat has remained the formal contract partner). According to participants of the training, at local levels there is also more an effort to work together in this two-tier system, rather than oppose.

• *Relations between Partners and their Respective Competence*

The competence of the LPO, as already commented above, grew steadily during the execution of the first phase of the project, in particular of the main stakeholder, MALA. The Master trainers at *Aimag*-levels really became involved in, and committed to, the project, and as one of staff of the project stated to the Mission, there was clear ownership of “a common dream”. Also the local governors in Mongolia developed quite a good understanding of the decentralisation process, and are actively participating in the local self-governance project. The Mongolian opinion (LPO and stakeholders) on the technical and professional competence of the Swedish partners, and the flexibility of the latter to adapt to the specific conditions of the country, are very positive. Above this, Swedish trainers and advisers were considered to be hardworking and knowledgeable. The training courses are intensive, with long working hours.

Interestingly enough, the representative of MALA defined ownership in rather metaphoric terms. He considered Sida to be the “father” of this project (in spite of all the gender focus of Sida), as they provided the money and the advice. The project had surprisingly enough three “mothers”, all of Swedish origin, SIPU International, SALA, and Örebro University. Asked whether there was also a “Mongolian wife” present in this marriage, he stated that the Mongolians were the children in the family. They do approach the parents very actively, and hoped by the end of 2002 – and until the end of the project in 2004 – to have grown up, and participate in the family discussions, as adults. A challenging manner of analysing the transformation of ownership.

• *Cost-Sharing and Ownership Enhancement*

An interesting analysis can be made about cost-sharing, and the relationship this has to the supposed enhancement of local ownership, through the feeling of more responsibility, the risk which is jointly taken etc. With the scarcity of resources in the Mongolian transitional situation this should be looked at with great

care. In this KTS project, during the first phase from 1997–99, UNDP was supposed to contribute to certain local costs, such as interpreters and travel costs to Sweden. The communication between the Cabinet Secretariat and UNDP in that specific junction of time was not always fluid, and therefore interpreters were often not contracted, or no payment was arranged. UNDP did finance catering (coffee and tea) during the courses and seminars, and paid for the tickets to Sweden. The agreed costs for printing teaching materials, such as the handbook, however, were not supplied, and finally Sida assumed these costs (within the boundaries of the agreed budget).

In the new project the co-ordinator, car, rent of venues, and printing costs are to be covered by MALA. It is however questionable whether this will be realised as the stakeholder is extremely resource-poor, something which might give rise to problems in the near future, bringing Sida again in the role of payer of last resort.

- *Appropriate Length of Project/Number of Agreements*

The length of the two phases, of which one has been executed and the other just started, are both nearly three years, i.e. of a medium-term length. This was necessary as the changing of minds and actually practice in the ‘soft’ core sector of decentralisation cannot be compared with possible knowledge transfer in a ‘hard’ core sector. Although the outputs of the first phase were clearly defined and indeed delivered, it was a rather open-ended process, in particular regarding the further training of local politicians and implementation of the knowledge. However, while there was great eagerness to continue from the parties involved, there was nearly two years of delay before the second phase could start (which is partly due to the outcome of the elections in 2000). In this particular case concerning knowledge transfer and institutional maturing of the LPO and stakeholders (depending often on the changing political context), a longer project in various consecutive phases with clear check-points would possibly have been more appropriate.

- *The Role of Sida*

Again, similarly as in the Civil Service Training project, Sida has been quite flexible in handling cost-sharing, in particular with regard to those that occurred in relation to the contribution of UNDP. For the second phase, Sida requested SIPU to become the coordinating partner (in the first phase SALA assumed that role), as being responsible for the main part of the project (training of trainers). When finally the project document was submitted, Sida also requested a formal tender from SIPU, although no other tenders were presented, because the new project was seen by Sida as a prolongation of the former.

## PROJECT 3: BANK MANAGEMENT TRAINING

### Project Objectives:

The objective of the project is to strengthen the banking sector and help it adapt to a market oriented environment. This is to be achieved through the improvement of competence at the top and middle levels of management in the sector and through better quality of training at the Bank Training Centre (BTC). The expected results are increased professionalism among bank staff and among the teachers at BTC, and more confidence in the banks.

### Brief Summary of Project Data:

Swedish partner:	Conceptor International Consulting AB
Local partner:	Bank of Mongolia and the Bank Training Centre
Local stakeholders:	12 Commercial banks
Number of agreements:	3
Phase I :	Oct – Nov 1998
Phase I follow up:	July – Aug 1999
Phase II :	Aug 2000 – March 2002

### Ownership and Application of KTS Characteristics:

#### • *Ownership of Objectives, Project Formulation and Implementation*

The BTC was founded in 1997. Its objective is the training of bank personnel of state and commercial banks in Mongolia. In total 1500 people have been trained over the past 4 years. Their main sponsor is the Mongolian Central Bank with the commercial banks as member organisations of BTC. In the restructuring of the banking system during the 1990:s there was a process of privatisation and around 30 commercial banks were created. Many of them went bankrupt, in particular during the financial crisis of 1996, but twelve remained.

The *origins of the project* are that representatives from the banking sector participated in Sida's International Courses on banking. Based on this experience the Mongolian government expressed interest in co-operation with Sida in this sector. In the middle of 1998, Sida financed a consultant (Conceptor) for discussions in Mongolia with the Central Bank, including the design of a training programme in bank management for heads of banks and financial institutions. The first training was carried out in Stockholm with the participation of 23 persons. During the seminar the participants formulated plans that should be implemented at their respective work places. The implementation of these plans was reviewed and evaluated by the consultant in the middle of 1999.

The *formulation* of the present ongoing second phase was done by Conceptor in co-operation with the Central Bank and BTC. In total 60 persons have so far been trained in Mongolia and in Sweden, in training courses of 2–3 weeks (2 in

Mongolia and 4 in Sweden). The participants were proposed by their respective Banks, and thereafter tested in English. A couple of times potential candidates were rejected, although the project manager confirmed that this did not lead to any friction with member banks, as they all were convinced that only good people should go.

However, in the last training courses, interpreters have been included (financed from the Sida contribution). BTC has also checked that they would come back and continue their jobs after the training. There are another six training courses to be performed before the end of the project in March 2002. The contents of the training has been focused on areas such as lending, financial management, internal audit and control, and bank management. One of the interesting features of the training was the identification of specific projects, to be identified by the participants themselves, to be implemented (with follow-up) in their respective banks. The follow-up of this 'homework' has showed impressive results (according to the Swedish consultant), which indicate a good use of the knowledge transferred.

### • *Importance of Knowledge Transfer for the Local Partner Organisation*

According to the project manager of BTC, Sida plays an important role in the transition process for the banking sector by contributing knowledge as an "intellectual investment". Both BTC and representatives of the commercial banks find the project very useful, and would like to see it continued after the present phase has been concluded in the beginning of 2002.

One way of spreading the knowledge is that of the 10–15 people, attending each course, 2–3 are appointed by the BTC to become trainers, with the responsibility to transfer knowledge within their Banks. These persons get extra attention through five additional days of advanced courses and training methodology. However, these trainers do not seem to be utilised by BTC in its regular training activities in Mongolia, which is said to be functioning with 18 part-time lecturers, mostly from IAMD and the University. In total 3–5 of these part-time lecturers of the BTC will be sent to Sweden in the last period of the project.

Regarding other international donors in the field of bank training, BTC has contacts with a French Institution for Banking and Finance, the Malaysian Securities Commission, IMF and JICA. However, the Sida project is considered special, because it allows BTC to influence the choice of content of the training, while the other donors just present fixed offers. Also the preparation of the trainers within the Sida project is seen as very important.

### • *Relations between Partners and Their Respective Competence*

As indicated above, BTC has only about four years of operation, and has also a limited permanent staff of only three professionals. Their competence as a training organisation is therefore possibly still limited. An example of this is the fact that the trainers trained in Sweden, as mentioned above, do not yet seem to have been considered for utilisation in the regular training activities of BTC.

The *Swedish consultant* has been involved in Sida's International Training Courses regarding bank management and has established good contacts in the Mongolian banking sector. They were contracted by Sida for the first phase of training in Sweden and were then selected for the second phase based on their earlier experiences of working with Mongolia. Conceptor has visited all the commercial banks, in order to do a needs assessment.

The Mongolian partners highly value the technical competence of the Swedish consultant, who they have found to be sensitive of the specific conditions of Mongolia and the state of the financial system. In the beginning of present phase, the topics for the training courses were proposed by the Swedish consultant, but in 2001 about half of the content has been suggested by the Mongolian counterpart, indicating a growing share in the ownership of implementation or execution. Although the participants have been tested in advance, their knowledge in English has shown to be a real problem, and during the implementation of the latest courses it was decided to make use of translation, which increased the efficiency of learning.

- *Cost-sharing and Ownership Enhancement*

According to the contract, the Central Bank of Mongolia is contributing about 20% of total project costs, which is the highest percentage of cost-sharing of all the projects studied. The Central Bank is, of course, one of the LPOs with relatively easy access to local financial resources. The local contribution include travel costs for participants to Sweden and local costs in connection with the courses in Mongolia.

- *Appropriate Length of Project/Number of Agreements*

Considering the economic situation in Mongolia, the relative short experiences of commercial banking and other facts, such the knowledge of English, it does not seem probable that the present training program over less than two years, will alone have any longer term effects on the functioning of banking sector, and thereby on the confidence for it from society. This kind of training is possibly a more open-ended endeavour, which is also proved by the interest expressed by BTC and commercial banks for a continuation of this kind of training

- *The Role of Sida*

An interesting aspect of Sida's role in this project is its initiation in relation to the International Training Courses financed by Sida in Sweden. By providing this opportunity for experiences and even contacts with Swedish consultants (as organisers and lecturers in the courses) demand for KTS projects emerge. As for Sida's role in the implementation of the project, the project manager said that he had close contacts with the desk officer at Sida.

## PROJECT 4: INSTITUTIONAL DEVELOPMENT IN CIVIL AVIATION

### Project Objectives:

Institutional building and strengthening of the Mongolian Civil Aviation Authority, in order to reach an international accepted level of competence that is necessary in order to develop and sustain air traffic control services and security in the domestic aviation sector. This includes both management training, as well as very case-specific knowledge transfer in high-tech areas such as satellite-based communications and GPS-systems.

### Brief Summary of Project Data:

Swedish consultant:	Swedavia AB
Local partner organisation:	Civil Aviation Authority
Number of agreements:	2
One participant in training course:	Sept 1997 – June 1998
Phase I (EastGate):	June 2000 – April 2003

### Ownership and Application of KTS Characteristics:

- *Ownership of Objectives, Project Formulation and Implementation*

An initial activity related to the project and financed by Sida, was the participation of one officer from the National Air Traffic Control Centre in a Briefing Officer Course in Sweden designed for Chinese NOTAM (NOTification to Air Man) officers in 1997/98. The East Gate project is a general capacity building project for the civil aviation sector, with the Civil Aviation Authority (CAA) of Mongolia as LPO.

The East Gate project is the largest KTS project in terms of budget. In terms of *objectives* it fits very well in the overall policy to improve the domestic aviation sector, supported by substantial investments made with loans from the ADB. The high-tech oriented technology transfer, included satellite communications, GPS-based air traffic control, up-to-date air traffic services (which generate a major income source for the country), and management techniques that are tailor-made for this sector. The KTS project is complementary to the hardware that was already put in place during the period of the 1990s. The execution was shared in terms of inputs, although most of the content planning came from the Swedish consultant.

According to the Swedavia (and Sida), CAA is a strong LPO with a clear vision of what it wants to achieve with the co-operation, including an efficient use of the Sida funding. The top management is supportive of the training and there is an understanding of the training needs. It took time to discuss and negotiate the contents of the training and the first project director at CAA was changed. His successor (the present director) was much better.

• *Importance of Knowledge for the Local Partner Organisation*

The KTS project seems to be very important for CAA. Much of the hardware had been installed with the assistance of the ADB (total 56 million USD), but the use of the systems was far from optimal. There was a need for procedures, management knowledge and further training in technical terms. Actually CAA was using the new systems with old (Soviet type) procedures. The operational staff had to become convinced to migrate to the new systems. The management training has turned out to be very effective, people are more motivated, and the personnel of CAA are seeing more future perspectives. Interestingly enough it was mentioned that as part of this overall improvement within the CAA, there were much less drinking problems.

The LPO actually expressed the hope that they can soon become a commercial company. At present they have to transfer half of their hard currency income to the state budget (10 million USD). However, whether the government will decide on such privatisation in a very profitable sector is questionable. Domestically there seem to be a large gap between the outdated airplanes and air traffic controls, and the build-up of very advanced (satellite-based) air traffic control and navigation that is further developed in this project. The LPO organised a donor conference (15 November 2001), in order to access grant-aid or concessional loans (such as from EBRD), that was considered as an well-organised event.

• *Relations between Partners and Their Respective Competence*

As stated above, there is substantial improvement in technical and managerial competence within the CAA, although it was difficult to measure for the mission how wide-spread this was, taken into account that most of the domestic aviation is struggling with deteriorated airfields, old and shaky Soviet-type airplanes, and insufficient security. However, there is a strong motivation to overcome these problems, and advance rapidly, using up-to-date techniques, which are quite adequate for Mongolia's large airspace.

The Swedish consultant is considered most competent in terms of technical knowledge. It was also acknowledged by the LPO that the Swedish consultants were mostly young and very flexible, adapting themselves well to the specific situation in Mongolia.

According to Swedavia, it took some time in beginning for the partners to get to understand each other, to get acceptance for younger and female experts, as well as for the Swedish model of consultancy, with regular visits and training (instead of permanent consultants doing all the job but no training, as in the case of the Australians).

The Swedish consultant was the main actor in the detailed formulation of the project. With regard to the execution of the contract, there have been tough discussions between the LPO and Swedavia (both considered by Sida to be strong and most competent actors) and initially planned activities have been changed after coming to mutual agreement. On the initiative of CAA a more



sustainable training initiative was built in, namely the training of air controllers, with three months in Mongolia and (after a strong selection) a five months training in Sweden. However, CAA did procure a sophisticated simulator-equipment however with funds that according to Swedavia could have been better utilised for training.

- *Cost-sharing and Ownership Enhancement*

In terms of cost-sharing the Mongolian counterpart CAA seems to be the only LPO financing accommodation for the Swedish consultants in Ulaan Bataar. The cost-sharing also includes transports in Mongolia and airfare for Mongolians travelling to Sweden. The percentage of cost-sharing is 10 percent (which because of the large total amount of this project amounts to 200,000 USD). The LPO clearly has large hard currency income, which makes it relatively easy for them to comply with this cost-sharing.

- *Appropriate Length of Projects/Number of Agreements*

Considering that the East Gate project forms actually the mainstay of the capacity building and knowledge transfer within the CAA, it seems that the length of the project is appropriate. There is a specific volume of technical knowledge that has to be transferred and that can be done in a relatively short time-span. Nevertheless, what was striking to the Mission, was to find out that the introduction of new management methods were actually mentioned as most useful for the LPO, which could actually need more time to be absorbed and spread through the organisation.

- *The Role of Sida*

The role of Sida does not seem to be much hands-on in this project. The selection of the Swedish consultant was evident, as there is not much competition in this area in Sweden. There were, however, discussions about the costs, as the proposed finance were at a level which is high in comparison with other KTS projects. The great need to improve security and services in the domestic aviation sector for a country that is so large and dependent on good transport and communications, made Sida to decide positively. The LPO seems to deal largely with Swedavia, and has not much direct communication with Sida.

## PROJECT 5: REHABILITATION STUDY OF CENTRAL TRANSMISSION GRID

### Project Objectives:

The objective of the project is to contribute to the improvement and efficiency of the Mongolian energy supply, through a review of the need for rehabilitation and maintenance of the Central Transmission Grid, including preparation of international bidding documents for the rehabilitation.

## Brief Summary of Project Data:

Swedish partner:	Sycon International AB
Local partner:	The Energy Authority of Mongolia
Number of agreements:	1
Study:	Aug 2000 – May 2001

## Ownership and Application of KTS Characteristics:

### • *Ownership of Objectives, Project Formulation and Implementation*

There have been severe difficulties in the energy sector since the beginning of the 1990s. It has been difficult to collect fees leading to insufficient cost-recovery and the inability to pay for the supply of coal to the power stations. In 1995 there was a major crisis in the sector, with coal shortages and power cuts. Most of the previous decade the whole energy sector, which is so crucial for the economy and livelihoods of the Mongolian people (most visible in winter), was fully state owned. There are five major coal-burning energy plants in Mongolia, the biggest is No. 4 in Ulaan Bataar. In March 2001, the parliament approved a new energy law. The law redefines the role of the Energy Authority to be responsible for overall policy, whereas the three parts of the sector – production, transmission grid and distribution – will be partly privatised (the first and the third) and partly remaining in a state-owned joint stock company (the second).

In 1995 the World Bank was financing the rehabilitation of one of the power stations in Ulaan Bataar, with the involvement of the Swedish company ABB Stal. The World Bank suggested that the Energy Authority should contact Sida for the financing of rehabilitation in another power station, and ABB Stal actually prepared a proposal for this rehabilitation at their own cost. A technical mission from Sida in 1997 rejected the proposal for several reasons, one being that privatisation of the production was planned. Based on the findings of the technical mission, Sida proposed to the Energy Authority to request support for the rehabilitation of the transmission grid (that should be kept under state ownership) in two steps – first a study of the rehabilitation needs and then a possible concessional credit. After lengthy discussions with Sida, the Energy Authority/Mongolian Government presented a proposal for a study in January 2000. The study was performed from August 2000 to May 2001. At present Sida is preparing for a concessional credit for the rehabilitation.

Although the discussion on the proposal took a long time, the process of decision, bidding and contracting of the consultant for the study was rather fast (six months). Directly after approving the proposal Sida started the tendering process. The ToR were formulated by the Mongolian counterpart, although Sida seemed to have made lots of changes. Sida presented a shortlist of companies to be invited to tender, and the tenders were prepared in the beginning of 2000. At the Mongolian side a Tender Evaluation Commission (under the leadership of the Ministry of Infrastructural Development) was established, which performed the evaluation of the tender documents (of four companies) with Sida participation.

In the tender-evaluation, the Mongolian side preferred a lower-priced tender by Swedpower. Sida, however, advised the Energy Authority to select the tender from Sycon International, as that company had better technical knowledge. Representatives from Mongolia went to Sweden to speak to the directors and technical staff of both companies, and finally chose Sycon.

- *Importance of Knowledge Transfer for the Local Partner Organisation*

The study has been of substantial importance to the Energy Authority as it has provided them with a strategic plan for the next few years for the upgrading and rehabilitation of the transmission grid. The study is also providing the Authority with bidding documents for the acquirement of loans and consultancies for the rehabilitation work. The Authority has (in accordance with the initial discussions) approached Sida for a concessional credit, and has also contacts with the Nordic Development Fund and the German KfW. The study has also been important for the Energy Authority because it has included training and knowledge transfer. At same time as this Mission visited Mongolia, a Sida mission worked with the Energy Authority to appraise the rehabilitation plan for financing through the concessional Sida credit.

- *Relations between Partners and their Respective Competence*

The competence of the Energy Authority, at least the part that deals with the Transmission Grid, seems good with stable staffing of adequate capacity. The project director, for example, had been taking part in the discussions and contacts with Sida since the initial stage in 1995. The Authority also prepared the ToR for the study and took an active part in the selection of the company to perform the study. Within the Energy Authority, a project implementation team was set up with a director, two engineers, an economist and a translator. In the negotiations on the contract, the Energy Authority managed to reduce the fees for work by the consultant in Sweden. To some extent this also meant that more work was carried out in Mongolia including on the job training for the project team and other staff.

As far as competence of the Swedish company is concerned, the Energy Authority was satisfied. In the execution of the project there were no problems. Some changes in the consultant's personnel, that was agreed upon with the Energy Authority and Sida were made. The Swedish consultants travelled all over Mongolia, and after this initial fieldwork, they did a two week training seminar in Ulaan Bataar, including for engineers and repair staff. They also introduced a high standard data processing software package, including training and installation of data. The inception, intermediate and final report (April 2001) were received in time and evaluated as being of very good quality. Also the adaptation of the consultants to the conditions in Mongolia was considered very good ("working hard in wintertime").

- *Cost-sharing and Ownership Enhancement*

The cost-sharing was agreed to be five percent of total project costs (SEK 500,000). This contribution refers to transport for consultants in Mongolia, office

space, internet and international calls and translation costs. The Energy Authority has not had any problems in complying with this cost-sharing as was contracted.

- *Appropriate Length of Project/Number of Agreements*

In this case, the length of the project is clearly given by the fact that it is a study with a defined objective and time-schedule. It is equally clear that this study is directly connected to a possible next step of Sida financing the rehabilitation plan prepared during the study

- *The Role of Sida*

The role of Sida has in this case obviously been very active in both the preparatory discussions, the tendering process and now in the appraisal of the study as basis for credit financing. The opinion of the Mongolian counterpart is that Sida has generally been quick in its procedures (see above) also in relation to other donors, such as the World Bank (preparations for a loan from the World Bank has dragged on from 1995 to 2001). The project director, however, noted that she approved all invoices, but had no knowledge of how and when the payments were made.

## PROJECT 6: CADASTRAL SYSTEMS DEVELOPMENT

### Project Objectives:

The objectives of the “Cadastral Systems Development in Mongolia” training project are to train Mongolian specialists to develop consultancy services using geodetic foundations for cadastral mapping, and to set up research and organise training in designing cadastral and land information systems.

### Brief Summary of Project Data:

Swedish partner:	Swedesurvey AB (2 <sup>nd</sup> Phase)
Local partner organisation:	State Agency of Geodesy and Cartography (2 <sup>nd</sup> Phase)
Number of agreements:	1
Phase I:	March 2000 – February 2002

### Ownership and Application of KTS Characteristics:

- *Ownership of Objectives, Project Formulation and Implementation*

In 1994, during the time of the Board for International Technical Co-operation (BITS) a project called ‘Land Records’ was implemented. The relationship with the present cadastral systems development project is not clear to the Mission as there is a substantial gap in time between their respective execution and there are different partners involved at both sides. All remarks about the project are related

to the most current one, which is executed in co-operation with the State Agency of Geodesy and Cartography (SAGaC), under the Ministry of Infrastructure. The initiation of this project is similar to some of the other KTS projects in Mongolia. The Chairman of SAGaC participated in a Sida financed International Course in Sweden conducted by Swedesurvey. He then approached Sida to request support for a training project.

In the project there are two major stakeholders besides SAGaC. They are the Urban Development Land Management Agency of Ulaan Bataar, and the Land Administration Authority (that falls under the Ministry of Environment and Natural Resources). The latter is the agency that issues land certificates.

As there are various organisations involved at the Mongolian side, a steering committee looks at the reports, makes recommendations and makes suggestions for specific training needs. In the beginning the Steering Committee was rather formal, and not so much involved, but when the stakeholders came together and staff of the stakeholders actually were trained, the decision-makers of the involved stakeholders became more committed and involved. The members of the Steering Committee also went on a two-week 'eye-opening' trip to Sweden.

It is interesting to see that the *stakeholders* have actually well benefited from the KTS project. In the beginning the relation between the SAGaC and the LAA was not very good, but with the joint meetings in the steering committee, the study visits to Sweden and participation in the training, personal relations and mutual understanding were created, which helped very much in the project execution and the creation of *joint ownership*. With the Urban Development Management Agency the relation was already better from the beginning. SAGaC acknowledges that they have a certain technical capacity, and will benefit from further training. A technical upgrading of this department for Ulaan Bataar will actually open the possibilities to replicate experience to the rest of the country.

### • *Importance of Knowledge Transfer for the Local Partner Organisation*

As regards to the *importance* of the KTS project for the organisation it was explained that before the project was implemented the agency had no strategy whatsoever. This project has been the first and only training project, and before project implementation there was no trained staff in the necessary technology. Now the situation is rather different, they agency has been able to train its staff and actually attracted new staff, even from some of the private companies active in the field of geodesy and cartography.

This shows that the project was not only seen as having worked very well, but the transferred knowledge was highly used within the strategy of the agency. Before the SAGaC was a government entity, which was somewhat underrated and marginal, as policy makers did not see its importance or use. Now with the training provided through the KTS project, the staff and the agency as such are more able to provide solid information to policy makers and influence policies and strategic decisions. It could also be noted that SAGaC recruited some additional staff to be included in the training and has later started to produce standards and guidelines

based on the knowledge gained. There is now substantial support from the political scene, as an implementation of the long disputed Land Law and the subsequent privatisation of land cannot be executed without well developed cadastral and land information systems.

• *Relations between Partners and Their Respective Competence*

When the project started (as was shown above), SAGaC was relatively restricted in its development. This should be seen against the background in which the land question was still highly sensitive and there are various agencies involved in measurement and management, resorting under different Ministries. Regarding the *competence* of the partners, the Mongolian side (SAGaC) estimated the technical skills and knowledge of the Swedish experts to be very high indeed. The experts were also seen as hard workers, without the pretence that foreign consultants often show, demanding fancy hotels etc. The Swedesurvey experts had already extensive experience in developing countries, which was clearly appreciated by the staff of SAGaC. There was no previous experience of the Swedish consultants in Mongolia, but they adapted very quickly to the country. According to the data of the Mission, there was no tendering procedure followed. The Swedish consultant was chosen for its expertise and long experience in the field.

• *Cost-sharing and Ownership Enhancement*

In terms of cost-sharing, this project is special, as the Mongolian counterpart has committed itself, apart from financing fieldtrips, to also finance the procurement of hardware. As the LPO stated to the Mission, the cost-sharing contribution was not seen as something that particularly enhanced ownership. This is an agency with some direct income (10 percent of its budget) from selling its services.

• *Appropriate Length of Project/Number of Agreements*

The project period is appropriate as being coordinated with the approval of a large loan (9 MUSD) from ADB for the actual fieldwork of land information data gathering. SAGaC has also prepared two follow-up projects. The first one has been developed with and for the Urban Development Management Agency of Ulaan Bataar, and has been submitted to Sida for consideration. Its objective is to develop the Land Information Center, which has already a certain capacity, but has to develop good (information) linkages with the districts in terms of cadastral and land information systems. There is also discussion about a second project, which would be a continuation or follow-up of the current KTS project. There is a need for further training in face of the use of new technologies. SAGaC had hoped that the ADB project could finance the follow-up, which does not seem to be the case. In a meeting with the Resident Representative of ADB, he indicated that this could reflect the fact that the ADB loan would not include technical assistance, if there were possibilities for the LPO of receiving that on grant basis. SAGaC will therefore approach Sida for this endeavour.

- *The Role of Sida*

In the implementation of the project there seems to be a clear hands-off approach by Sida. Actually the Mongolian counterpart agency did not have much contact with Sida, maybe once every three months. The communication with Sida was mostly done by Swedesurvey, and the Mongolian LPO mostly dealt directly with the Swedish consultant. The Swedish project manager comes every six months, and prepares with the Mongolian counterpart director the half-year progress report. Sida was being considered a more result oriented donor partner in comparison with for example JICA. All that was said to be left of a larger project with the latter donor was a map and four jeeps, according to SAGaC, although it was impossible for the Mission to verify this.

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# Annex 2

## List of Persons Met

### Civil Service Training

Ts Sambalhunde	Chief, Civil Service Personnel Management Division, Cabinet Secretariat (Project Director)
Leif Wisén	SIPU International (Project Co-ordinator)

### Local Self Governance Training

B Shatar	Deputy Chief, Local Government Issues, Cabinet Secretariat (Project Director)
G Manaljav	Presidium Secretary, Ulaan Bataar City Council, Director of Mongolian Association of Local Authorities (MALA)
K Baigalmaa	Presidium Secretary, Omnogobi <i>Aimag</i> Council (Participant in training November 2001)
Ms Zolzaya	Former project assistant DDSP and presently training assistant for training workshop November 2001
Leif Wisén	SIPU International (Project Co-ordinator)

### Bank Management Training

D Turbat	Director, Bank Training Centre, Bank of Mongolia (Project Director)
B Enhhuuyag	Director, Monetary Policy and Research Department, Bank of Mongolia (Participant in Sida international training course in 1995)
G Ganbold	Vice President & Director, Supports Division, Golomt Bank (Participant in training course)
Lkhagvasuren	Director, Accounting Division, Bank of Mongolia (Participant in training course)
Per-Erik Berglund (mail contact)	Conceptor International Consulting AB (Project Co-ordinator)



**Cadastral System Development**

L Baasanjav	Project Director and Advisor, State Agency for Geodesy and Cartography
B Chinzorig	Project Secretary
D Tsendendorj	Director, Aerial Surveying and Mapping Enterprise
Y Sandagdorj	Director, Cartography Enterprise
Mukbathar	Land Administration Authority
Ola Wennerby (mail contact)	Swedesurvey AB (Project Co-ordinator)

**Institutional Development of Civil Aviation**

G Davaa	Director, Policy and Foreign Relations Department, Civil Aviation Authority (Project Director)
Gunnar Larsson	Swedavia AB (Project Co-ordinator)

**Study of Central Transmission Grid**

Ts Oyungerel	Project Director, Central Electric Transmission Company, Energy Authority
Jan Klevås (mail contact)	Sycon International (Project Co-ordinator)

**Other Persons Met**

Kh Amarsaikhan	Chief, Department of Economic Co-operation Management and Coordination, Ministry of Finance and Economy
J Jargalsaikhan	Director, Department of Economic Policy and Planning, Ministry of Finance and Economy
L Udval	Director, Department of Europe, Middle East and Africa, Ministry of Foreign Affairs
L Purevsuren	Second Secretary Department of Europe, Middle East and Africa
S Menon	Resident Representative UNDP
G Johnson	Senior Advisor, Environment and Natural Resources, UNDP
B Hitchcock	Resident Representative ADB
Å Hedén	First Secretary, Embassy of Sweden, Beijing
E Berger-Smitt	Program Officer Mongolia, Department of Infrastructure and Economic Co-operation, Sida

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# Annex 3:

## Terms of Reference

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

#### 1 Background

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

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

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

The characteristics of KTS, apart from the contractual arrangement, seem to be applied in a flexible way. That is, the characteristics are adjusted to the local context, i.e. the means<sup>1</sup> 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 KTS<sup>2</sup> 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 1996<sup>3</sup>, 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-

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<sup>1</sup> Knowledge, competence and resources.

<sup>2</sup> The specific appropriation is abolished as from the financial year 2001.

<sup>3</sup> "Översyn av tekniskt samarbete", Sida, INEC, 1996

Discuss the relationship between these characteristics and local ownership in different local contexts<sup>4</sup>.

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/KTS<sup>5</sup>, 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

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

<sup>5</sup> 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's<sup>6</sup> 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.

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<sup>6</sup> 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.<sup>7</sup>

**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

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<sup>7</sup> 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 means<sup>8</sup> 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

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<sup>8</sup> 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

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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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