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## **LOCAL OWNERSHIP, CO-OWNERSHIP AND CAPACITY-BUILDING IN AID PROJECTS: THE FINDINGS OF A COMPARATIVE STUDY**

Peter de Valk  
Raymond Apthorpe  
João Guimarães

February 2005

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**Comments are welcome and should be addressed to the author:**

c/o ORPAS - Institute of Social Studies - P.O. Box 29776  
2502LT The Hague - The Netherlands

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## **ABSTRACT**

This paper analyses the relation between local ownership in a selection of Swedish aid projects and the manner in which aid is provided. It addresses analytical problems of defining ownership for organizations and methodological problems in the empirical investigation. Ownership by organizations is interpreted as a metaphor that requires a behavioral interpretation when applied to organizations. To understand ownership of projects implies distinguishing between projects elements such as inputs, outputs, objectives and processes in different phases of the project. Where three parties are involved in a project, namely the local organization, the consultant and the aid provider, multiple ownership is the outcome. Key findings of the study are firstly that local ownership cannot be created by other parties, but can be enhanced and facilitated. Secondly, multiple ownership can take the form of co-ownership when individual parties fruitfully cooperate along different incentive structures to achieve project success. Although focusing on technical assistance projects, the issues discussed in this paper will also be helpful for analyzing ownership issues in other project, as well as programs and policies.

## 1 INTRODUCTION

This paper analyses the relation between local ownership in a selection of Swedish aid projects and the manner in which aid is provided. It addresses analytical problems of defining ownership for organizations and methodological problems in the empirical investigation. The empirical study from which this paper draws covers 38 technical assistance projects in 7 countries around the world with differing socio-economic profiles and environments for development cooperation.<sup>1</sup> Although focusing on projects, the issues discussed in this paper will also be helpful for analyzing ownership issues in programs and policies.

Technical assistance projects are particularly interesting for analyzing the question of local ownership since the output consists of knowledge (know-how and know-why), which by definition must be owned to be pertinent and successful. Yet, individual employee ownership and organizational ownership are different things. A major finding of this study is that local ownership cannot be created by donor interventions. Rather, careful selection of organizations and conditions and content of cooperation can enhance and build on existing ownership of projects by local organizations. In addition, ownership of projects can be shared between donors, consultants and local organizations: thus co-ownership can be achieved. Co-ownership is promoted if different incentive systems facing the various cooperating parties induce each to work for project success defined by overlapping criteria. Thus, an overall conclusion emerges: given the right conditions for and content of projects, good aid practice is possible through a regard for ownership. Co-ownership of projects is possible as a non-zero sum game as a result of a successful aid effort where cooperating parties respect the autonomy of others and capacity-building is achieved.

As an initial, intuitive definition, the concept of *ownership of a project by an organization* can be loosely understood as capturing the degree of responsibility that the organization has and shows for bringing the project to a successful result.

Apart from being a key factor in achieving project success, local ownership in aid projects is also considered by aid-providers and aid-receivers alike as an end in itself. To the extent that ownership is both a means and an end of development

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<sup>1</sup>The work was carried out as a Sida evaluation in Botswana, Egypt, Guatemala, Lithuania, Mongolia, Mozambique and Ukraine. The 7 reports, published as monographs, are available on <http://www.sida.se>.

cooperation, a justifiable question to ask is what influence a particular project planning approach or aid modality can have on local ownership.

Whereas the above statements have a great deal of intuitive appeal, further analysis below reveals the complexities involved in concepts and contexts that partly arise from applying human concepts to organizations, and partly from using singular concepts for multifaceted entities as in the case of *projects* and *aid*. Complexities in contexts arise from the aid context itself including its inequalities in terms of resources, the sometimes ambivalent objectives surrounding aid projects, and from the cultural differences prevailing between the parties (not partners *per se*) involved in aid projects.

Aid projects according to numerous evaluations the world over typically have a low success rate and are plagued by a large number of problems in their various phases. Amongst these problems, sustainability of project results is a major one, when even projects that were successfully implemented do not survive the transfer to normal routine, beyond the period with the specific project status. The local organization that was 'helped' does not sustain the project results. This lack of sustainability effort on the part of a local organization is often seen as a first line of explanation of project failure. Strong local ownership, it is believed, can contribute to sustainability. In many, perhaps most, technical assistance projects everywhere, as in the case of the aid approach analyzed in this paper, three main actors are strongly present: the aid organization, the consultant, and the local organization, each with their own interests in the project, viewing and defining the project from their own perspective. However the importance of each these roles can vary, in individual projects and perhaps sets of projects classified according by aid organization.

Projects in the private sector similarly have a financier, a consultant and a (local) organization. The mechanisms that exist to coordinate the activities of these parties in this sector towards mutual satisfaction of objectives comprise: profit motives, competition, long term survival, and contracts, supported by market institutions. What are the types of incentives and forms of motivation that shape the dynamics of the interaction in this aid context where parties other than the local organization define and control what is best for the local organization? There is here a big difference between the aid context and the private sector context to examine.

Additional factors complicate matters further when ownership is considered in the aid compared with the private sector. Aid organizations certainly have the means

in terms of resources and personnel; they also have the intentions (aid-driven or otherwise) in terms of their organizational objectives and individual motivation of their staff. Private sector organizations in both donor and recipient countries have developed to accommodate this aid-financed part of the market. Networks of national and international NGOs channel the finance and motivations for ‘helping the other’ towards certain destinations. In the process of organizational development, dependencies grow on both sides, making aiding and recipient organizations/individuals increasingly self-interested and (aid-) market oriented. Projects become supply-driven, both by the need to have projects as well as by the assumption of knowing ‘what is good for them’ (as well as for the donor themselves). The result is an awkward mixture of self-interest, paternalism, and genuine ethical concerns, in various degrees and combinations expressed and hidden at individual and organizational levels.

The end-result is that project will have multiple owners, each of whom will pull it into the direction of its own objectives, which often and ironically – on the part of the donor and consultant – include the perceived objectives of the local organization. This multiplicity is complex. It involves organizations and individuals in networks of sometimes contradicting interests, objectives and intentions embedded in a context where good intentions can turn out as bad intentions (as in paternalism) and so-perceived bad intentions (in the limited sense of not being aid-driven) can have good consequences (where profit making consultants deliver good results).

Why is ownership the solution? With multiple ownership identified as the problem, the solution of local ownership reads like only a cheap solution. It sounds like denying all the complexities of the aid context. Yet, seriously trying to appreciate multiple ownership as a matter of fact in such aid situations can be productive: it becomes possible to study the conditions, forms and types of aid delivery that would reduce the potential for conflict between the objectives of the various parties with regard to the project and shift the balance of power and ownership towards the local organization.

Given that in a private market context, ownership by organizations of their projects is less problematic, with one way in which this particular aspect of the aid context can be adjusted being the creation of a quasi-market context. Many donors

require cost sharing as a token of local ownership, with legal contracts drawn up specifying rights and duties accordingly.<sup>2</sup> The resulting aid modality can be called Contract Financed Cooperation. Restricting it to technical assistance projects this becomes called Contract Financed Technical Cooperation (CFTC; in Swedish: KTS).

The structure of this paper is as follows. After this introductory section, the second section develops the ideas, concepts and distinctions with regard to organizational ownership; the third discusses the aid intervention in terms of its specific modalities that might influence local ownership; the fourth summarizes our approach to the empirical work in the full study; the fifth section presents its main empirical findings; finally the sixth discusses wider implications.

## **2 OWNERSHIP: CONCEPTS AND ISSUES**

As referred to above, an intuitive understanding of ownership may relate immediately to individual ownership. A step to a more critical analysis of the concept of ownership for organizations must discuss how the ‘individual’ meaning transforms when discussing ownership of processes, project inputs and outputs by organizations.

### **2.1 Individual ownership**

The notion of an individual’s ownership of an object may be the least problematic.<sup>3</sup> Individual ownership has many dimensions, including (i) economic (such as assets and liabilities); (ii) legal (liability, property, exclusion); (iii) criminal (theft, appropriation); (iv) psychological (identification, commitment, responsibility, desire); and (v) political (power relations, processes of appropriation, conflict).

In the context of aid, the motivational aspect of ownership (in relation to project success) seems to be best understood by referring to psychological dimensions. Society enables possible ownership by cultural, and the state by legal, institutions. Institutions have developed and are maintained in relation to all these

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<sup>2</sup>However, going to court is not often invoked in case of conflict. After all, aid is not a private market situation in that sense and retains its soft edges. Moreover, in one case where there was a conflict that could not be solved amiably, the local organization was reluctant to go to an international court because of its lack of experience.

<sup>3</sup>However, the emphasis in market economies on private ownership and related property rights that arguably is typical in western individualistic culture contrasts with the ideas of communal ownership, or no ownership, as these may feature in many non-western cultures. Thus, the question arises whether just a single notion of ownership is understood and valued equally in recipient as in donor countries.

aspects. However, without the psychological dimensions being operational ownership will not be asserted, even when the means to do so are available. *Possible* ownership does not automatically turn into *actual* ownership.

## **2.2 Active and passive ownership**

Still on the plane of individuals (organizations are introduced in the next section), the concept of local ownership may be analyzed also in terms of passive and active ownership orientations. Active ownership can be dynamically defined in terms of attitudes taken towards the project elements (objects, objectives, processes and results) and the actions that are undertaken accordingly: the desire to reach a project outcome will translate into an attempt to control processes that hopefully lead to the realization of this outcome.

This distinction has three implications. First, this idea of active ownership brings into focus the analysis of other possible actors, such as government aid officers or the consultant, who can influence the project outcome. Each of these actors may see the same project differently from their own perspective, including as defined along the lines of the interests of their own that they may have in the various activities that follow from the project. Where their perceptions of the importance of these project activities differ, the possibility arises of testing for and estimating active ownership of each of these actors through recording their attempts to influence the course of project processes and each others' behavior. Then, ownership of the project can be approached with respect to all actors involved, rather than just the local organization. This conceptualization allows for analyzing multiple and mutual ownership and from there on concepts of partnership seen in relation to inter-personal and inter-organizational relations.

Second, most technical assistance projects involve transfer of knowledge. In a project comprising training or technology transfer, the transfer of knowledge is its main objective. In other types of projects where the consultant's main role is that of professional advisor, the transfer of knowledge is more indirect and comes as a rule

mostly in the form of transfer of *tacit* knowledge.<sup>4</sup> However, in each of these cases there is a common requirement: that the information transferred becomes *personal* knowledge (see footnote 4) through a process of individual acquisition by the receiving person.

Third, owning the project also implies the possibility of owning the processes that take place in planning and managing the project. Where many of these relate to various market institutions, owning the capability to deal with these becomes an essential part of owning project processes.

In conclusion, then, both passive and active forms of ownership need to be established by an active act on the side of the recipient at the level of the concrete output, of managing the concrete processes, and of dealing with the pertaining market institutions. Ownership relates to all three areas. Perhaps with the exception of the project output, the other two aspects involve the possibility of multiple ownership. As for the project output, i.e. embodied knowledge, ownership has to become personal (or organizational) regarding achieving of project objectives, leaving space for other parties to own their own but similar knowledge.

### **2.3 Organizational ownership**

The discussion above was conducted by referring to interaction between individuals where attitudinal concepts can be appropriately applied. When focusing the discussion on organizations, the challenge becomes to find behavioral equivalents of individual with organizational behavior. This shifts the focus to considering actions and activities. An organization intensively and consistently undertaking activities that lead to the realization of an objective may be described as committed to, or owning, it.. Thus, such commitment becomes shorthand for intensity and consistency of activities undertaken to reach a certain objective. Any ‘measurement’ of ‘commitment’ then must take place at the behavioral level. Yet what matters to the realization of the objective is whether the activities are undertaken or not, not that they are labeled as either ‘commitment’ or ‘ownership’. In this reference and sense,

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<sup>4</sup>In brief, the term tacit knowledge refers to forms of knowledge that can only be transferred by close interaction between the owner of it and the potential receiver when performing the function for which the knowledge is required. The term ‘personal knowledge’ emphasizes the fact that such (and other) knowledge has to be appropriated before it can put be put to use. Both terms originate from Polanyi (1962).

therefore, these terms can be viewed as metaphors.

Organizations work (or not) through the linking of ideas and interests on the part of the organization to those of their members and other individuals. This equally applies to projects in organizations. Organizations have formal mission statements, organograms and the like to prescribe and direct their activities. Projects have goals and objectives laid down in project documents. Each has too its greater or lesser extent charismatic or otherwise personally influential supporters and opponents, and capable and committed members. In actuality, therefore, the attributes of organizations, projects and individuals interpenetrate constructively (or not) in particular responsibilities and activities.

It is in this actuality that the rewards and incentives that organizations formally provide can work to steer their members to achieve the objectives set for projects. The organization behaves as if it is committed because it develops the same type of activities (and metaphors) that a committed person would develop. But to assign psychological properties to an organization would be fallacious. 'Commitment' we understand in this paper as just a shorthand expression for a particular and relevant organizational activity or activities. These activities can be observed, and their relations with project objectives analyzed.

It can therefore be argued that in one sense and on one level that relation between activities and project results does not require mediation by concepts such as ownership, commitment and responsibility. Inferences about the interior psychological make-up of individuals ought not to be confused with the observable attributes of organizations that are exhibited in their activities. Again this is why, when referred to organizations, concepts such as ownership, commitment and responsibility are metaphors.

#### **2.4 Ownership of projects**

Various project elements can be distinguished: material and immaterial inputs and outputs, project activities and processes occurring in phases (related to the project cycle), and project objectives. Any individual project may be seen as made up of a number of *processes* that are set in motion, guided and coordinated in order to transform material and non-material *inputs* into certain material and non-material *outputs or results* contributing to the achievement of specific objectives. Non-material results include for instance transfer of knowledge and institutional development.

A working definition of ownership therefore requires that some key distinctions are made to facilitate its use: ownership of *material inputs and outputs* (i.e. *objects*), of *non-material inputs and outputs* (particularly, in the case of technical assistance projects, technical knowledge), and ownership of *objectives* and of *processes*. Ownership has different meanings in each of these references. Prescriptive meanings of ‘ownership’ tend to be more honorific and metaphorical as compared with descriptive meanings.

In relation to a project’s *material inputs or outputs*, it is easy to indicate who owns what and when. Ownership of objects can be equated with property rights. Property rights are, however, of course not absolute. They are limited by legislation and agreements, for instance between the local organization and the donor.

Ownership of *material inputs*, and the transfer of such ownership, is in principle a trivial affair, clearly defined by the terms and conditions of the aid relationship, which is not particularly interesting for this study. It may, on the other hand, be pointed out that, in a project where a consultant provides *knowledge inputs*, the transfer of these inputs to the local organization is done differently in training (where the transfer is direct) and in consultancy (where the knowledge is transferred in the form of the consultant’s advice). These differences have implications for the ease with which the local organization can appropriate the knowledge in question.

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

Ownership of an *objective* may be equated with a commitment to that objective, as can be ascertained by examining the documents as to organizational priorities and the like. Whether this ownership can be translated into ownership of processes (see next) depends on the local partners’ capacity, and particularly its organizational competence. Commitment and organizational competence are therefore pre-requisites for ownership of objectives.

For this paper, ownership of *project processes* is taken to mean the assumption of responsibility for project formulation, implementation and control, varying at different stages of the project cycle. A local organization may have the necessary competence to analyze its own situation and formulate projects that respond to its

main needs, and yet lack the competence to take full responsibility for the management of these projects. It may then be forced to rely on the consultant for such management. The consultant may also mediate between the local organization and the aid provider whenever necessary.

Control, implementation, and management are not entirely equivalent terms. Management may, to some practical extent, presume or subsume both control and implementation, but it connotes also something qualitatively different: committed decision-making about strategic choices for example of resource allocation. In the aid context, it connotes negotiation with the aid provider about the rules and possible variations of resource allocation and reporting.

All the definitions of ownership given above are compatible with ownership by an individual, an organization, or a group of organizations or individuals. As to who owns what in the aid-recipient country, it is easy for instance to conceive of a project in which the project itself is owned by a local organization, while the objectives are co-owned by that organization 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.

### **3 ATTRIBUTES OF PROJECT AID MODALITY**

Several of the specific attributes of the aid modality discussed below are to a large extent common to the practice of many aid providers. This implies therefore that probably there is more general relevance to be sought of the specifics of our case study which are limited to the Swedish Contract Financed Technical Cooperation (CFTC), regarding the importance of contracts in defining the (quasi-market) relation between the local organization, the consultant and the aid provider.<sup>5</sup> There are however more attributes, both explicit and informal, that characterize this Swedish aid form. The formal attributes are:

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<sup>5</sup>The Swedish acronym as noted before is KTS. From the point of view of perfect markets, contracts are of course non-market institutions to correct market inefficiencies. From a more general perspective, contracts are typical of real life market arrangements. The emphasis is on the difference between the aid context (with an arrangement between aid provider and local organization) and the market context (with an arrangement between a consultant and the local organization, financed by the aid provider).

- (a) Formal *contracts* are signed between the consultant and local organization. In theory, the aid provider only pays for the services of the consultant, but the contract and the procedures leading up to the contract are managed by the local organization. In addition there is a signed project agreement with the donor.
- (b) An affirmed *hands-off* role on the part of the aid provider in the project planning process, regarding either or both actual project planning and the absence in the project objectives of the agenda of the aid provider.
- (c) Projects are *demand-driven* in the sense that the initiative has to come from the local organization or must at least feature high in the priority listing of the local organization.
- (d) All projects in this aid modality were in the area of *technical assistance*, paying only for consultancy services. Aid money was not available for hardware support.
- (e) The local organization shows its commitment to the project by *cost-sharing* of up to 50 percent of the costs of the consultant and depending on the financial situation of the local organization.
- (f) *Project duration is limited* to a period of about one year.
- (g) *Competent local organizations* are eligible for this type of support as they are deemed to be able to select and handle the consultant through the contract, and
- (h) Consultants are selected from the aid-providing country (Sweden in this case) on the basis of tendering whenever applicable.

In actual practice, most projects visited also involved (a) cooperation with a *professional* local organization, (b) a succession of contract financed projects which while each was indeed of limited duration added up to a longer period of cooperation, conditioned by positive evaluation, (c) presence of strong leadership of the project in the local organization (the project champion), (d) focus on strengthening core-competences of the local organization. These apparently informal criteria turned out to be important for project success.

#### **4 METHODOLOGICAL APPROACH**

Given the complexities of the concepts involved in a possible relationship between the attributes of project aid modality and local ownership, our

operationalization first drew up a list of open-ended questions, with which to trace the involvement of the local organization in the various planning stages of the project, to probe the nature and effects of the various attributes and the perceptions of key informants on the role of the other parties and on the manner in which attributes influenced behavior. Similar questions were used for guiding interviews with the relevant consultant organizations and Swedish aid workers in the head office (Sida) in Stockholm and locally at Swedish embassies.

In addition, a more formal list of qualitative and where possible quantitative indicators was developed of different aspects of local ownership and aid attributes. This both facilitated team discussion while at the same time complicating it, given the derived nature of indicators in relation to what they are intended to measure and the possibility of different perceptions both on the side of interviewees and interviewers.<sup>6</sup> It also provided a prop for comparing projects in and between countries.

The first country case study, Lithuania, with 8 projects, was used to test and refine this approach. Over most of the time there, all four members of that country team (the three core team members for the evaluation as a whole, and a Lithuanian) were present in each interview. Intensive discussion followed to see whether the knowledge thus acquired by the team members individually could be used to reach a consensus on the necessary judgments required. In subsequent country studies the presence of one of the core members ensured consistency in approach.<sup>7</sup>

## **5 FINDINGS OF OWNERSHIP IN THE CASE STUDIES**

### **5.1 Co-Ownership**

A first main overall finding is that a substantial majority of the projects studied appeared to have achieved rather high levels of local ownership. Ownership of knowledge outputs was very high, indicating that, by the criterion of knowledge transmission and knowledge development, most of the projects studied may be characterized as successful or even very successful. Ownership of objectives was also

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<sup>6</sup>See Guimarães, Apthorpe, Valk (2002) for a more elaborate discussion of these issues, the list of open-ended questions and the definition of the indicators.

<sup>7</sup>With the exception of Mongolia, where consistency was achieved by careful instruction.

very high, indicating a strong commitment to project objectives on the part of the local organization.

Ownership of project processes, both formulation and implementation, tended to be shared with the Swedish consultants and, sometimes also Sida.<sup>8</sup> Local organizations valued such shared responsibility more highly than exclusive responsibility for project processes, which is a sign and a consequence of good co-operation with the consultant. It was this finding in particular that led this study to introduce the term *co-ownership*, to characterize such situations of shared ownership. Co-ownership may also cover the relationship with the donor. Co-ownership can exist not only in relation to processes, but also in relation to objectives and to knowledge.

With the help of this co-ownership idea, a different picture of a CFTC project begins to emerge: one where two organizations, each with its own motivations, are brought together by Sida financing and by a particular set of incentives to achieve certain common objectives. At the outset of this co-operation, the respective parties' degree of ownership of the knowledge that is the object of the co-operation is very different, as also may be their technical and organizational capacity. Through their co-ownership of the objectives, the parties become co-owners of the project processes; with the responsibility that each takes for those processes being a function principally of their capacity.

As the project continues, the local organization's knowledge and organizational capacity increases, and so does its assumption of responsibility for the project processes, particularly regarding formulation and implementation. If the project is long enough, a genuine partnership may (and often does) develop between the two organizations. In this partnership, each partner does what it can do best to achieve the common goals. By the end of the project, the local organization becomes the owner of a body of knowledge, acquired with the Swedish consultant's help, this acquisition being one of the project's main objectives. In several cases the relationship is expected to continue through longer-term arrangements such as twinning, while in others it ends with the project, but may also be prolonged into other projects.

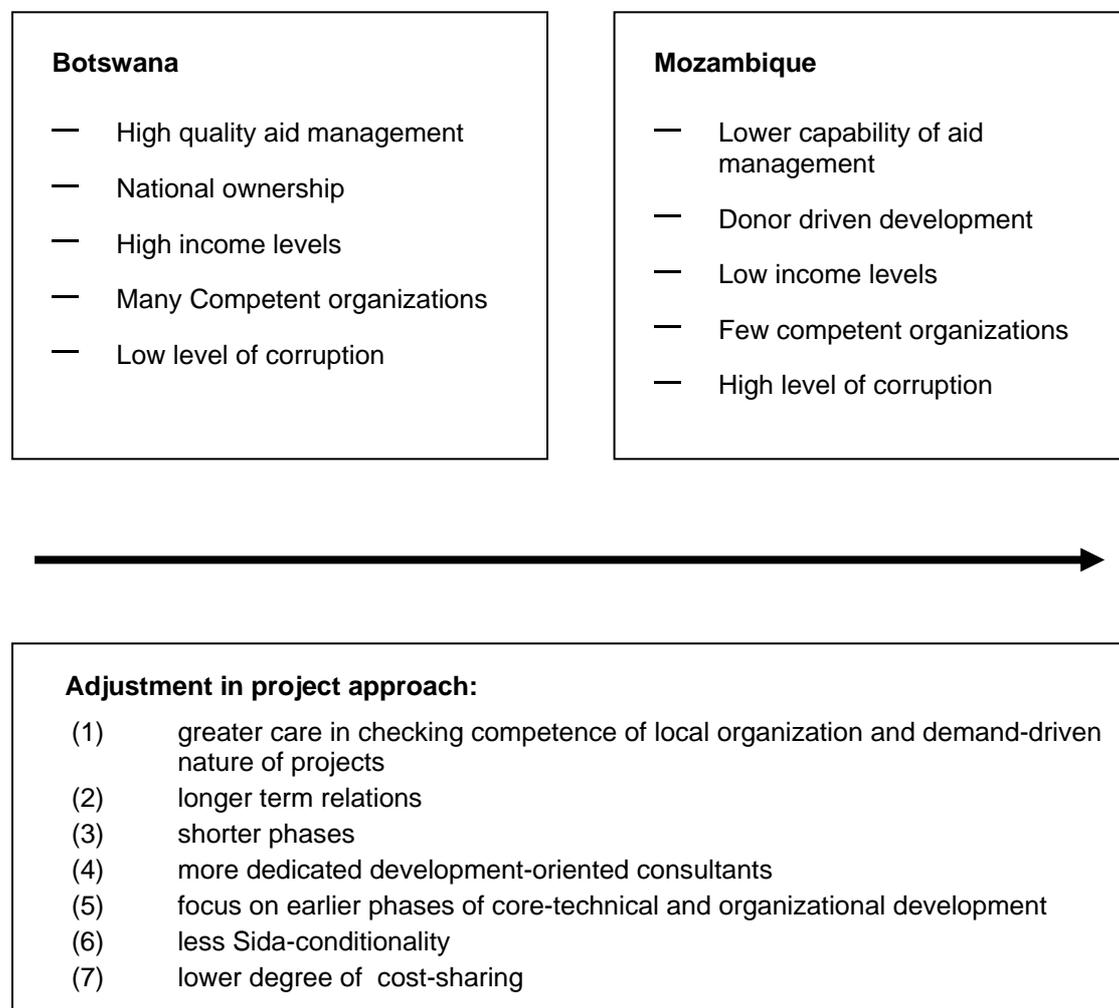
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<sup>8</sup>Sida's role was often stronger in financial matters and evaluation involving the risk of reducing local ownership.

## 5.2 National context

Is CFTC an aid modality that is suitable for all countries? One could argue that reliance on quasi-market forms of aid would thrive better in countries with more developed markets, better institutions and less corruption. The Botswana and Mozambique country study finds that differences in the national context of Mozambique as compared with Botswana are indeed relevant in the sense that competent organizations are fewer in Mozambique than in Botswana and that more emphasis needs to be placed on, amongst others, the selectivity of the project planning attributes. Figure 1 below provides an overview of these findings.

**Figure 1**  
**Adjustment of project approach to context**



The Guatemala study reports on the relative independence of its findings from national context. In contrast, the Egypt study reports the penetration of the influence of the national context through and through. This divergence is, however, partly

definitional. The latter study puts a heavy emphasis on defining ‘national context’ to include the way in which the world of foreign aid is integrated into it (in the perspective of the local organization). Interestingly, despite what is said about Egypt being a country spoiled for choice when it comes to aid, this sense of power is not felt at the project level. For example, cost-sharing is on the whole accepted as conditionality – however petty or irksome – despite the presumed possibility of approaching other donors who do not apply it, or who apply it differently.

In other words, the key question appears to be, not whether a country is more or less suitable, but whether in that particular national context a competent local organization can exist. If such a local organization does exist, the practical importance of the national context decreases. Demand-driven and competent local organizations then become more important selection criteria than the national context and its suitability.

### 5.3 Project modality, the context and ownership

For the ‘chemistry’ described above to function, certain conditions must be fulfilled. This was largely achieved by the application of the explicit and informal attributes of the project modality, an application which needs to be flexible in order to take into account (and in some cases compensate for) the context and the diversity of situations that may arise. Sida applied these attributes flexibly and pragmatically, paying attention to both the broad context and the specific situation of the local organization, not mechanistically and legalistically. Thus these attributes of the project modality are at best guidelines or ideal requisites, not to be theorized about too much, just applied wherever practicable, not necessarily all to be applied at once, and so forth.<sup>9</sup>

How, then, do these attributes ‘work’? The **restriction of CFTC to technical assistance** (with no significant material assistance) removes a potential source of distraction, allowing the co-operation to focus on knowledge development and transmission from the outset. The donor’s insistence on **demand-driven projects** (not just in the formal sense but in the sense that these are projects that satisfy a strategic

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<sup>9</sup>That neither the local organization nor the Swedish Consultant may see this in the same way is, of course, another finding of this study. The triangle of relations that is at the heart of technical assistance projects is made up of very different interests and perspectives as well as shared results-oriented values.

need of the local organization, e.g. by focusing on the local organization's **core competencies**), ensures that the local organization owns the project objectives from early on, a necessary condition for the project to function well. **Cost-sharing** is often imposed as a condition to make sure that the local organization does own the project's objectives and wants the knowledge concerned enough to be willing to pay for it (but as we have seen this does not always work very well). The local organization must also be **competent** enough to be able to acquire the technical knowledge that is at the focus of the co-operation, and to be able to assume and exercise some responsibility for the project. The local organization's capabilities tend to grow as the project proceeds; but if they are too low at the beginning, the project risks to fail, and financing will be refused. More often than not, the local organization is a **professional organization** where cross-cultural communication between consultants and professionals of the local organization is facilitated by professional language and standards. The local organization usually places a **project champion** with sufficient authority in charge of the project, this being both a reflection of the importance attached to it as well as an important instrument for the local organization to realize its potential with regard to the project.<sup>10</sup>

But these attributes are also applied flexibly by the donor, adapting them to concrete situations. For instance, competent and committed local organizations that have very few financial resources may have the cost-sharing requirement waived or drastically reduced. Riskier contexts or more problematic situations require the attributes to be used so as to minimize risk, or protect the project (and Sida) against it. Shorter project phases, greater involvement of Sida, greater emphasis on demand-driven projects and competent local organizations, choice of Swedish consultants with an especially strong development orientation and a greater emphasis on learning and organization development are some of the ways in which this may be achieved. In this way, and provided certain minimum conditions are met, it may not be so much a question of *whether* but *how* CFTC can be used in certain contexts that differ significantly from the 'usual' ones.

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<sup>10</sup>In many cases, this was the director or one of the executive directors of the local organization.

#### 5.4 Co-ownership and incentives

The concept of co-ownership introduced above was described as a special case of multiple ownership. Co-ownership is realized when the individual incentives facing the cooperating parties do not subtract from the overall success of the project but rather tend to reinforce each other.

The aid practice observed of Sida in the projects reviewed of organizing the project as sequence of multiple short-term projects (phases) with a duration between one and two years, kept the aid provider clearly in the driving seat through the moments of evaluation and decision making on continuation. Both local organization and consultant required good results for further support.

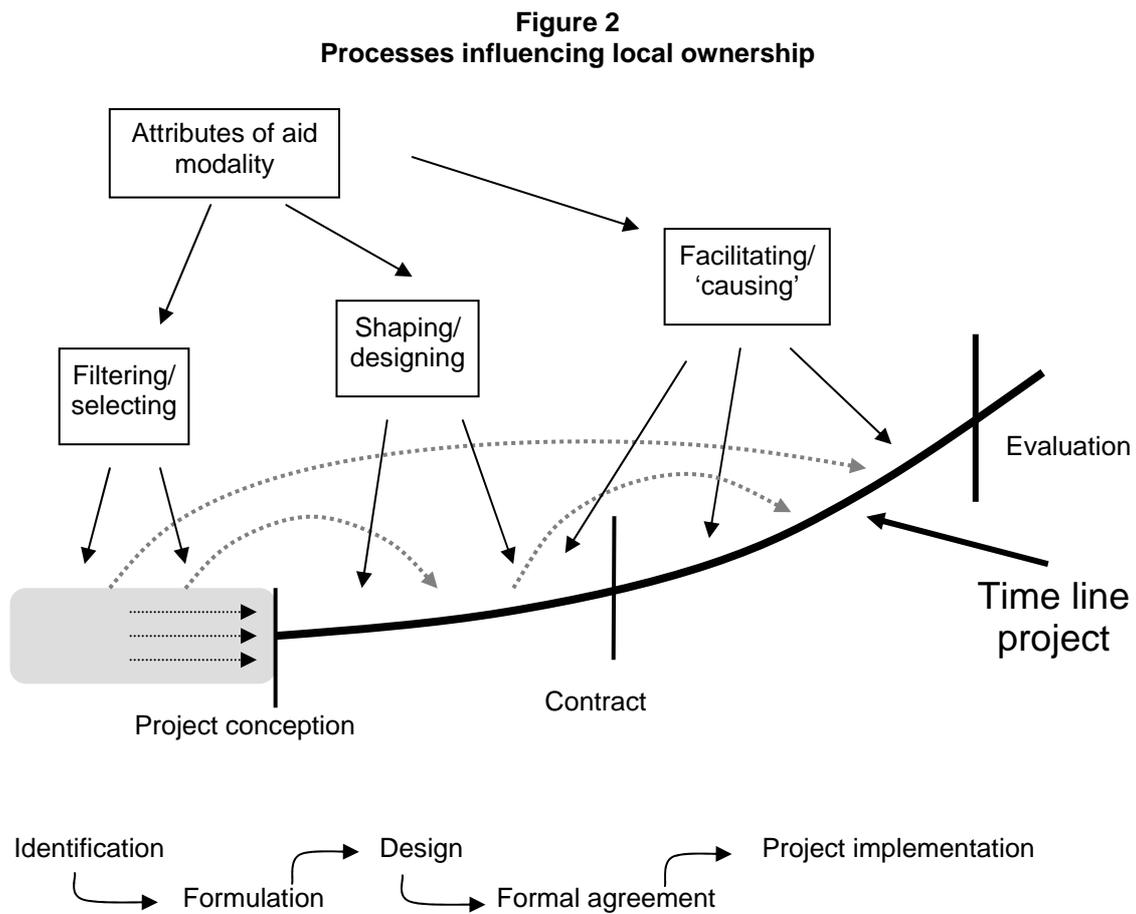
The consultants were always **Swedish consultants**, well known to Sida in terms of competence, commitment and skills. They have often worked with the agency before, and sometimes they depend on continued co-operation with Sida. When the local organization, the consultant and Sida enter into a **contractual relation**, the project's organization into **limited phases**, both minimizes Sida's risk and creates incentives for ownership and good performance, which ultimately translate into high ownership of knowledge outputs by the local organization (or by the intended beneficiaries, who sometimes are a different target group).

Finally, from the point of view of its role as principal and the control it exerts over CFTC projects through the mechanisms of approval and evaluation of successive short phases, Sida is again strongly involved in the CFTC projects. Thus (i) the succession of small projects, (ii) the expectations or aims of local organizations and consultants concerning further Sida funded co-operation after the current project or phase ends, and (iii) the dependence of the approval of a new phase on good performance during the preceding one, give Sida a very strong position and a very important role in the process as a whole. The agency exercises considerable control over both the local organization and the consultant, despite not being a signatory to the contract. The aid provider can therefore be characterised as a 'distant principal', steering and controlling the project implementation process both through the contract itself and through the incentive system inherent in the approval of the successive phases in which most projects are organised. Particularly noteworthy is the fact that this role is played with a relatively small commitment of human resources on Sida's part, because of the way in which the incentive system works on the local organization and the consultant alike. Given the joint interest in good performance,

the 'direct principal' of the contract could be either the consultant or the local organization, a true case of co-ownership.

### 5.5 Relation between attributes of CFTC and Local Ownership

As a summary of the logical relationship between the attributes of the aid modality and local ownership, Figure 2 below emphasizes that, at first, the attributes filter out and select project that are likely to have a high degree of local ownership.



This is reinforced by the way the project is designed and influenced by the designing process. Finally during the implementation, the hands-off approach, the behavior of the local organization, the degree of commitment of the consultant and their joint interest in a positive evaluation influence the nature and depth of local ownership. Influences of aid attributes in previous stages continue to shape the field in next stages in interaction with other attributes. If there is a form of causation in this sequence, it is negative causation: wrong selection of local organizations and projects

as well differing agendas and high-handed involvement of aid provider and consultant all can lead to appropriation of the project and diminish local ownership. On the other hand, positively applied, these attributes can facilitate local ownership by limiting the negative aspects of the aid context.

## **6 BROADENING THE DISCUSSION**

### **6.1 Introduction**

It is possible to draw from this study of ownership in CFTC projects a number of precepts more generally applicable both to the implementation to projects of co-operation and their study, including even non-CFTC projects. In any co-operation initiative, and not only in CFTC, above all there are three requisites: to find and fund a reasonable balance of partner and donor responsibility, to achieve a balance of practice and theory, and to ensure successful project outcomes.

### **6.2 Co-ownership more generally useful and relevant**

Perhaps the most important general finding of this study is that ownership does not have to be exclusively local. Whether the concept is applied to ownership of objectives, knowledge outputs or project processes, it is anyway a non-exclusive concept. Co-ownership then is not only possible but also positively desirable, since it ultimately reinforces local ownership.

Co-ownership of knowledge in no way decreases the quality of that knowledge, or its actual or potential usefulness to those who have it. Co-ownership of objectives is not only a good basis for co-operation, it also has an effect of mutual reinforcement. A shared objective is a more strongly held objective as well. Co-ownership of processes, i.e. shared responsibility for such processes, both eases the burden on all the parties involved and reinforces their ownership, and particularly the weaker party's. It also, and most importantly, creates the conditions for the weaker party to assume responsibilities in line with its capabilities, and thus for the capacity-development that donors everywhere see as one of their principal concerns. Finally, by stressing the element of solidarity between the parties involved, co-ownership of project processes helps cement their relations and provides a basis for broader, longer-

term partnerships.<sup>11</sup> In this process, the consultant plays a crucial role. The development of partnerships, even around projects of limited duration, is certainly an important way of reaching that objective.

### **6.3 Closer targeting of aid**

Another broad issue is that of closer targeting of aid in a climate in which aid administration will most likely have to become more efficient in dealing with aid flows given its dwindling administrative resources in relation to aid funds to be processed.

This issue relates to the ways in which CFTC, through adroit application of its characteristics, tends to select only those partner organizations that are likely to ensure project success. While this is one aspect of ‘good targeting’ of assistance, there are of course others, such as targeting those who need it most.

This study’s findings with regard to the former sense of targeting are that competent partners may be found not only in certain categories of countries, but wherever the necessary conditions, such as a committed project leadership, exist or can be developed. These requisites are not country-type-specific. National characteristics are far from being the main contextual considerations in this respect. Other factors, such as a slow or rapid start of new initiatives, levels of ownership, and the like, may be equally important.

As regards the needs-assessment that an overall co-operation program aimed at close targeting must take account of, this study stresses the importance of *strategic* needs for organizational change and development.

Besides the two concerns above, there are of course two more possibilities to ensure closer targeting: building on the proven strengths in the record of accomplishment of co-operation (CFTC and other) in the sectors concerned, and linking shorter run perspectives with longer together with informing the local organization of this fact.

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<sup>11</sup>Solidarity will complement the usual business incentives for project success and will further facilitate knowledge transfer.

#### **6.4 Reducing aid dependency**

A third broader issue concerns the aid dependency that remains even where a CFTC approach has been flexibly and pragmatically applied to result in expected project outcomes. Normally all donors strive for their efforts to have sustainable outcomes, enabling the eventual withdrawal of support.

CFTC could contribute to reducing aid-dependency, for example through:

- Discussing and agreeing with the local organization, and possibly also the consultant, on sustainability of results enabling a withdrawal of support as a shared goal and CFTC as an approach to achieve it;
- Actively seeking to increase the relevant information and access required by the local organization to strengthen its position to achieve this shared goal.

#### **6.5 ‘Matchmaker’ and other approaches to aid co-operation**

A fourth broader issue is that of the ideology of development co-operation. This concern arises because Sida, like any other donor, has both a ‘matchmaking’ responsibility to partnerships as well as an agenda of its own (for instance democracy and human rights in general and environmental and energy concerns in the Baltic specifically). In other words, there is almost always a tension in development co-operation between the principles for ‘good co-operation’ in terms of local demand, local ownership and partnership, and the donor’s own agenda in other regards.

Many would argue that both the donor and the recipient country gain from international development co-operation. They say that the aim of such co-operation should be to establish solidarity and good international relations as well as efficient aid targeting and delivery. Co-operation at large, but also CFTC, could better promote the values of mutuality by acknowledging that

- aid programs normally have multiple objectives, often of varying importance;
- it is unlikely that a single co-operation form can be expected to achieve all of these objectives;
- transparency around the fact that there are multiple objectives, often even for individual projects, has more to offer than obscurity or denial.

## **6.6 Linking means and ends in development co-operation**

Another broader issue, connected closely with the preceding one, has to do with the linking of means and ends in development co-operation, and the relation of the instruments through which aid is disbursed to the general policy objectives of the co-operation, including the particular objectives of certain co-operation forms such as CFTC.

This broader issue arises from the fact as revealed by our research time and time again – to the general surprise of the donor – that CFTC means different things to different parties. Further, we found it not always to have local ownership as an explicit objective, despite ownership being a generally accepted objective of this modality perhaps above all as rehearsed in official policy documents.

Donor agencies are sometimes criticized for being so wedded to certain forms of co-operation that they appear to be looking for problems to fit those forms. Putting the solution first in this way is like putting the cart before the horse.

CFTC could be applied more purposefully than it is as present:

- if there were more explicit awareness on the part of its protagonists of its similarities with and differences from other forms of co-operation;
- if it were defined by its protagonists and participants not just through iteration of its individual characteristics, but also with reference to the common denominator of CFTC projects, and also to the differences between individual projects and that common denominator; and
- if it were therefore seen as having theoretical underpinnings, while at the same time remaining essentially a flexible form of co-operation.

## **6.7 Aid, ethics and efficiency**

No donor or recipient is likely to disagree that aid should be ethical as well as efficient. However, there is much debate not only as to how, but even whether, ethics and efficiency can be combined.

This broader issue arises from the study especially if ownership, whether local or joint, is seen as an ethical end which should be honored in itself, along with the sound technical and management work that is required to make worthwhile projects work. Much closer management of aid projects in the field by the aid provider could conceivably have some negative impact on local ownership and demand-driven aid.

Particularly ethical approaches to evaluations might be better achieved if they did not emphasize management efficiency at the expense of local ownership. It was indeed a finding of this study that normally local organizations were neither part nor full parties to CFTC evaluations in any serious sense, and that the criteria set for such evaluations make no reference to ownership and the like.

An ethical ownership emphasis could be made broadly compatible with an efficiency perspective, for example through:

- being clear and explicit at the outset of CFTC projects regarding both ethical ends (such as local ownership) and cost-effectiveness; and
- including these ethical considerations explicitly in the terms of reference of CFTC evaluations, not least so that the role ethics plays in project performance and its management and outcomes can be attended to.

## **6.8 The cultural context of aid characteristics**

Not explicitly explored in these case studies are the Swedish cultural (including moral and religious) constructions and values about co-operation, which may or not be shared with the local organizations. Yet, cost-sharing, besides being a practical token required by the aid provider for an applicant to be taken seriously, might also relate to a cultural concept of good order and rectitude. In other words, is cost sharing partly a practical proposition, and partly a matter of a moral duty?

To answer such questions, further research would be required that, for instance, is specifically designed to inquire into such cultural (and moral, religious and political) dimensions, including its methodology and nature of discourse; compares aid with non-aid issues in public affairs (and foreign relations); goes beyond even CFTC and non CFTC comparisons; and compares the Swedish cultures of co-operation with those of the partner countries.