University of Huddersfield Repository

Jaradat, Ruba

The impact of donor and recipient government policies and practices on the effectiveness of foreign aid to a middle income developing country: case studies from Jordan

Original Citation

Jaradat, Ruba (2008) The impact of donor and recipient government policies and practices on the effectiveness of foreign aid to a middle income developing country: case studies from Jordan. Doctoral thesis, University of Huddersfield.

This version is available at http://eprints.hud.ac.uk/2975/

http://eprints.hud.ac.uk/

University of
HUDDERSFIELD

**THE IMPACT OF DONOR AND RECIPIENT
GOVERNMENT POLICIES AND PRACTICES ON THE
EFFECTIVENESS OF FOREIGN AID TO A MIDDLE
INCOME DEVELOPING COUNTRY:
CASE STUDIES FROM JORDAN**

By

Ruba Jaradat

A thesis submitted in past fulfilment for the degree of Doctor of
Philosophy in Development Studies

June 2008

Abstract

This research investigates the foreign aid policies and practices of donor countries and of Jordan, a middle-income aid recipient country, through an examination of case studies of recent aid provision to Jordan. It examines the bearing of these policies on the effectiveness and efficiency of aid projects. The research concentrated on four case studies carefully chosen by the criteria of different donor nations and policies; and the different nature of the projects that cover the four main areas of development needs for Jordan. The case studies consisted of analysis of documentation and outcomes, and significant interviews with the selected participants.

The case studies were chosen to explore the different mission statements, policies and practices and included the GTZ- funded Petra Stone Preservation Project, the USAID-funded ICT Initiative, the DFID-funded Capacity Building in the Management of Jordan's Education Services Project, and the JICA-funded Improvement of Water Supply System to Greater Amman Project.

The study examines the effectiveness of aid in poor policy environments. It shows that the role of donors in ensuring the effectiveness of the aid they present goes beyond selecting recipients based on their policies and governance. Indeed, foreign aid is not donor-neutral and its effectiveness is not only dependent on the quality of governance and institutions of the recipients. The research demonstrates that a donor's national interests and the influence of stakeholders determine the course and benefits of aid, and that judgements of success or failure vary between the standpoints of the donor and the recipient.

The study investigates the impact of a number of variables on the effectiveness of foreign aid. Those variables include aid project design and delivery mechanisms, and institutional capacity and cultural constraints of aid recipients. The research focuses on relationships between donors and recipients and the differences in interests and objectives. It also looks at the impact of conditionality and tied aid on the sustainable benefits of the aid intervention.

Although existing literature does address some of these considerations, there is very little direct evidence which links development theory with detailed practical examples. Where such examples are available, they are invariably weighted heavily by evidence which originates with, and is interpreted through, donor perceptions. This study provides a balanced analysis of four initiatives taking account of both donor and recipient expectations, experiences and assessments.

Table of Contents

Tables and Figures

Table 1.1	Likelihood of five example MICs meeting some 2015 MDG targets	12
Table 1.2	Selected Human Development Indicators in Jordan and Comparator Countries	19
Table 2.3.2	Links between Research Objectives and Questionnaire	77
Table 4.1	Summary of interviews for the Pilot Study	108
Figure 6.1	Categories of Japan's Official Development Assistance	164
Table 8.1	Jordan: Millennium Development Goals –Target Levels by 2015	263

Appendixes

Appendix A	Sample of a Schedule of Questions Designed for the Main Study	305
Appendix B	Recommendations and Implications for Donors	312
Appendix C	Recommendations and Implications for Aid Recipients	314
Appendix D	Samples of Correspondence	316

Abbreviations and Acronyms

AEI	American Enterprise Institute
AMIR	Access to Microfinance and Improved Implementation of Policy Reform Program
BMI	Business Management Initiative
CAS	Country Assistance Strategy
CBJ	Central Bank of Jordan
CEO	Company Executive Officer
DFID	Department for International Development
EFTA	European Free Trade Association
EU	European Union
FDI	Foreign Direct Investment
FMD	Financial Markets Development
FTA	Free Trade Agreement
GAFTA	Greater Arab Free Trade Area
GDP	Gross Domestic Product
GNP	Gross National Product
GOJ	Government of Jordan
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit German Development Cooperation
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association
IMF	International Monitory Fund
INTAJ	Information Technology Association of Jordan
JD	Jordanian Dinar
JICA	Japan International Cooperation Agency
LDC	Less Developed Countries
LIC	Low Income Countries
MCA	Millennium Challenge Account
MDC	More Developed Countries

MDG	Millennium Development Goals
MEI	Microenterprise Initiative
MENA	Middle East and North Africa
MIC	Middle Income Countries
MOFA	Ministry of Foreign Affairs
MWI	Ministry of Water and Irrigation
NASD	National Association of Securities Dealers
NGO	Non-Governmental Organisations
OED	Operations Evaluation Department, World Bank
PSET	Plan for Social and Economic Transformation
PSPI	Private Sector Policy Initiative
QIZ	Qualified Industrial Zones
UNDP	United Nations Development Programme
UNRWA	United Nations Relief Works Agency
USAID	United States Agency for International Development
USSEC	United States Securities and Exchange Commission
WAJ	Water Authority of Jordan
WTO	World Trade Organization

Chapter 1

Introduction

1.1 Foreign Aid - the Concept

This thesis is concerned with the issues surrounding foreign aid. It looks at bilateral aid, its policies and practices, and the relationship between aid donors and recipients. The dictionary definition of the term 'foreign aid' is 'an international transfer of capital, goods, or services for the benefit of other nations and their citizens' (Encyclopaedia Britannica, 2006).

On the face of it, this transfer of goods is not commercial, and not dedicated to immediate profit, but the reasons for it are often for more complicated than simple altruism. Official foreign aid is offered in two major forms: 1) capital transfers either in cash or in kind grants, or soft loans, and 2) technical assistance and capacity building as grants in the form of transfer of know-how and technical equipment (Wane, 2004).

In order to be considered foreign aid, any transfer of funds should be:
- Non-commercial from the donors' perspective, if not the recipient's.
- Concessional so that the interest and settlement requirements are softer than the ones stipulated in the usual commercial agreements.

There are several different ways of transferring foreign aid to Less Developed Countries (LDCs). The most significant are:
- Multilaterally, through international agencies such as the World Bank or the United Nations.
- Bilaterally, through an agreement between two countries for a specific amount of aid or technical assistance. Many of the developed countries have their own international development agencies that are responsible for delivering aid.

In order to understand this process fully, it is essential to take into account not only the expectations of each side and their cultural inheritance, but also their hidden as well as explicit hopes and motivations (Powell, 1999).

1.2 Types of Foreign Aid

It can be seen that the term 'Foreign Aid' is broad in practice as well as in theory. It represents any funds, technical assistance or other categories of resource that are transferred from one country to another with no expectation of full or part repayment. It does not include private foreign direct investment or special tariff reductions offered by More Developed Countries (MDCs) to LDCs providing them with better access to more lucrative markets. If there is collateral benefit this is not assumed to be equal so that the status of each side remains distinct.

Foreign aid does, however, include all grants, technical assistance and concessional loans that aim to transfer financial resources and know-how from MDCs to LDCs with the purpose of promoting economic and social development. The long term aim of aid is to assist in creating a more developed and equal market place. Foreign aid can be divided further into public and private development assistance:

- Public (sometimes termed Official) Development Assistance
  - Government to government assistance, or bilateral aid.
  - Multilateral donor agencies such as the IMF and the World Bank.
- Private Development Assistance
  - Private non-governmental organisations (NGOs) providing aid.

Although the provision of foreign aid itself is non-commercial from the donor's perspective, a substantial amount of foreign aid is tied aid in one form or another. The grants or concessionary loans have conditions attached by the donor country about how the funds should be used. Tied aid by source means that the recipient country must utilise it, or a certain part of it, on the goods, services or other exports of the donor country. Tied aid by project means that the donor country requires the recipient

country to spend the aid money on a certain project. Sometimes this could be to the benefit of the companies in the donor country. Sometimes this occurs directly, where for example their consultants or engineers might be involved in the design and/or implementation of the project (Biz/ed, 2004).

Bilateral Aid: Bilateral aid is the assistance provided directly from one country to another as opposed to either international organizations or collaborative efforts. It implies a direct cultural as well as financial link. Types of bilateral aid include technical and financial assistance for specific sectors and programmes, and direct budget support (Saumik, 2004).

1.3 A Brief History of Foreign Aid

The foundation of today's foreign aid emerged after the World War II as many post-war reconstruction organizations evolved into aid agencies. The Marshall Plan that was introduced by the United States following the War helped rebuild the allied European countries and combat communism. The United Nation's development efforts started with the United Nations Relief and Rehabilitation Agency (UNRRA) that was established during the war. The World Bank provided loans for Western-European countries to help them rebuild what the war destroyed (Hjertholm and White, 1998).

The United States dominated aid distribution in the 1950s contributing almost two thirds of all aid given in that period. The U.S. used aid primarily for commercial purposes and as an effective tool during the Cold War to fight communism (Hjertholm and White, 1998).

By the end of the 1960s, the international foreign aid system and its channels had multiplied and become complex. There was excessive replication in economic needs analyses, reporting and feasibility studies as well as uncertainty in the provision (Cassen, 1994, cited by Ehrenfeld 2004). Insufficient coordination implied a lack of purpose and direction in foreign aid. The Pearson Commission was established to fix

these deficiencies (World Bank, 2003, cited by Ehrenfeld 2004). It advocated many changes, among them the reinforcement of the multilateral bodies as aid agencies. To some extent as a consequence the major multilateral aid agencies have continued to grow in number and size over the past five decades. The United Nations and its sister agencies created at Bretton Woods, began operations after the war, but it was many years before they focused on development. The International Monetary Fund was not then, and is not now, a development agency, although its operations in many national and international domains have a major impact on developing countries. The regional development banks, like the Asian Development Bank, the African Development Bank and the Arab Fund for Social and Economic Development had their origins in the late 1950s; from the beginning, their objectives were developmental. By 1970, the United Nations development agencies accounted for more multilateral development aid than any other means, although by 1977 they were overtaken by the World Bank. Meanwhile the regional development banks became very important (Cassen, 1994, cited by Ehrenfeld 2004).

Since the end of the Cold War, there has been a noticeable shift intention towards a more efficient allocation of foreign aid, and more effective tailoring of development assistance to the recipient country's needs and circumstances. Improvements in aid allocation and an increase in the number of poor countries enjoying better infrastructures in terms of good governance, institutions, and policies able to promote fast, market-driven, pro-poor growth means that foreign aid is more effective now than ever before. To this extent, some would argue that the implicit, if hidden, benefits to the donor countries are bearing fruit. In the past 10 years, a period during which many rich countries have witnessed remarkable growth, the quantity of foreign aid allocations has gone down (World Bank, 2002a). Whether this is a coincidence, or the long term results of a successful policy, remains an important question.

The record of development progress and the efforts the developing countries are now making for themselves provide evidence that additional aid resources could be used efficiently to stimulate growth and reduce global poverty.

The second half of the 20th century witnessed political, economic and social disturbance, in addition to big improvements in the quality of people's lives. Better

policies and advanced technologies stimulated growth in both developed and many of the developing countries. Nonetheless, distribution of wealth and growth has remained uneven (World Bank, 2002b).

1.4 Why Do Donor Countries Give Aid?

Bilateral aid is likely to be oriented toward the donor's economic and strategic interests which are conceivably self-evident. Hence donor countries generally give aid because it is in their own interest to do so. Indeed, some foreign aid is given with philanthropic motives in mind; nonetheless, most foreign aid is given for several political, strategic and economic reasons that are supposed to serve the interests of the donor countries in the longer run (Biz/ed, 2004). Whilst there has been a long tradition of contempt for local knowledge, there remains a tendency to assume superiority and greater wisdom by being in the very status of a giver (Morgan, 2005).

1.4.1 Political Factors

In many cases, foreign aid is given for the purpose of advancing the strategic and political interests of the donor countries. These interests include creating allies, gaining access to natural resources, and ensuring military presence in certain strategic parts of the world.

During the cold war in the 1960s through to the 1980s much development assistance was given to LDCs in order to maintain what were considered to be politically acceptable governments and to safeguard the supply of natural resources. The fear of LDCs becoming allied to the Soviet Union motivated much foreign aid from the West, whilst at the same time and for the same reason the Soviet Union provided development assistance to other countries to maintain their allegiance (Nsour, 2000).

In countries like Japan, Italy and the UK, domestic pressures and lobbying compelled the governments to design certain aid programmes that serve the interests of those pressure parties (Burnell, 1997). Those parties are usually associated with aid to certain countries. Public opinion pressure is usually demonstrated in cases of humanitarian assistance. Foreign aid is also given to support democracy and good governance in developing countries (Burnell, 1997, cited by Ehrenfeld 2004). But the question remains as to whether such aid programmes are effective or harmful to the recipients.

1.4.2 Economic Factors

Self Interest of Donor Countries

Foreign aid is rarely given in the form of an absolute grant. Increasingly, interest is being charged although at concessionary rates. Tied aid, as indicated above, is the practice of compelling the recipient to spend a portion of the development aid granted on goods and services produced by the donor country, particularly in connection with bilateral aid on which the donor has more power (Gillies, 1987, cited by Ehrenfeld 2004). This may be more costly than purchasing the capital from countries other than the donor (Biz/ed, 2004).

In many cases, donor countries use direct control of their foreign assistance by requiring or expecting certain compromises from recipient countries. Through strengthening economic ties with recipient countries, donor countries utilise foreign aid to open new markets and support their commercial interests. However, to what extent such concessions impact on the effectiveness of foreign aid, and what are their bearings on the recipient in the long run and on the sustainability of aid benefits, remain important questions. Ram (2003, p.6) identifies the self interests of a major bilateral donor: 'France and the UK give most of their aid to former colonies; Japan focuses its aid in the Asian region; and the aid programmes of the U.S. are dominated by strategic interests'.

Tied aid also helps to create job opportunities in the donor country and promote its export industry by guaranteeing increased sales to the recipient country, and allowing the donor country's companies to penetrate new markets. It also avoids the probability of subsidizing potential competitors from other countries with one's own foreign aid contribution. The United States, Spain and Canada have been the greatest tiers of aid (Gillies, 1994, cited by Ehrenfeld 2004).

Filling the gaps

Giving foreign aid to LDCs guarantees that the savings gap and the foreign exchange gap are bridged. Domestic savings should take place for domestic investment to occur; otherwise a flow of development aid is needed to help finance investment projects. Likewise, a supply of foreign exchange could also enable developing countries to import foreign capital needed for economic growth and development (Biz/ed, 2004).

1.5 The Arguments for Foreign Aid from the Recipients' Perspective

The Benefits of Receiving Aid: There are three main motivations for a country to seek foreign aid. These are based on:

- Economic reasons
- Political reasons
- Moral reasons

1.5.1 Economic Reasons

Clearly the most important reason why countries seek and accept aid is for the purpose of economic development. Fayissa & El-Kaissy (1999) argue that foreign aid bridges the gap between investment and domestic savings, and supplements exports earnings to finance imports especially capital goods.

Usually both donor and recipient countries agree about the purpose of economic outcomes of foreign aid. From the point of view of the recipient, the hidden purpose might not be important. There is often less agreement about the quantity of development aid needed for a project or the limits of the conditions attached to it. Recipient countries would prefer to have aid in the form of grants without any conditionality and not tied to a donor country's goods and services. Donor countries often claim that this results in financial resources being wasted on military equipment or supporting useless bureaucratic government endeavours (Svensson, 1997).

1.5.2 Political Reasons

Foreign aid is sometimes viewed as being essential for maintaining political dominance. Usually, military assistance offers the power base that represses opposition and preserves the government in power. Even in democratic political regimes where maintain power is not an obsession, authorities can obtain political advantage from being seen to bring foreign aid into the country.

During the period of the cold war, much aid was given to developing countries in order to maintain politically suitable governments and the supply of resources that many developing countries produced. The fear of recipient countries becoming allied to the former Soviet Union motivated significant foreign aid from the developed world. Likewise the Soviet Union also provided development aid to countries to maintain their loyalty (Biz/ed, 2004). At its most extreme, such aid was a form of political control. There is, therefore, still some suspicion that underlines the motivation behind any aid.

1.5.3 Moral Reasons

More people living in developing or developed countries believe that developed nations have a moral obligation to supply development assistance to the poorer nations. This could be due to reasons related to basic humanitarian or a feeling that

the colonial countries that occupied others have a responsibility to give back resources as they have exploited so many of the resources of the poor countries during colonisation (Biz/ed, 2004).

Whilst it is reasonable to typologise the different types of aid, it is important to recognise the mixture of motivations. Aid can be given with a strong sense of moral purpose, but it could, nevertheless, have clear long term benefits. The donor nations retain the power and control so there are always bound to be some imbalances.

1.6 The Arguments against Foreign Aid

There are a number of arguments put forward against development assistance. The arguments are presented from different viewpoints. The argument is that foreign aid will have a number of negative effects and/or create problems (Hjertholm and White, 1998).

- **Foreign aid distorts markets:** Transfers of low interest concessionary finance or grants to fill the savings or foreign exchange gaps will interfere in the market determination of interest rates and exchange rates.
- **Foreign aid crowds out private investment:** Foreign Development Assistance may provide funding for production that otherwise the private sector would have invested in for commercial reasons. This argument is used particularly against some of the microcredit facilities operated by NGOs. Microcredit lends comparatively small sums of money to small-scale entrepreneurs. The argument is presented that this could equally well be undertaken by commercial banks that would operate this service on a commercial and thus more profitable basis. In other words development assistance creates and perpetuates a welfare dependency.
- **Foreign aid funds inefficient infrastructure projects:** Supporting projects that are non-commercially viable may give benefits such as reducing unemployment whilst the project is being constructed. However,

when the development assistance is withdrawn the project may fail to stand on its own feet and either collapse or require additional funding.

- **Foreign aid falls into the hands of corrupt officials**: Corruption of this nature is considered to be endemic to aid provision and therefore difficult to overcome.

- **Foreign aid leads to a culture of dependency:** Dependency theory argues that aid ensures the continuation of the LDCs on the periphery and the dominance of the MDCs at the core. The LDCs, rather than relying on transfers of funds from the MDCs, need to build and develop from within their own capabilities and not depend upon the funding and the conditions required by the donor countries providing the funding. The 'Trade not Aid' slogan is often used as a watchword for this argument. The case is advanced that MDCs have a responsibility to ensure that LDCs are not financed through aid but instead to ensure that the exports of the LDCs are able to have access into the markets of the MDCs at realistic prices.

- **Foreign aid focuses on the modern commercial sector:** Considerable multilateral aid into LDCs has been focused on areas of the economy which are considered to stimulate economic growth. However, such assistance is not always considered appropriate by developing countries (Hjertholm and White, 1998).

By and large, donors are likely to have mixed motives for giving aid. Some of those motives are harmless to the recipients and some are not. Recipients in general focus on soliciting aid regardless of the hidden motive. Indeed, in some cases they are willing to be compelled to extra concessions and meet difficult conditions in order to get aid.

The above arguments against foreign aid could apply, to some extent, in certain cases where the environment in the recipient country allows such distortions or unfavourable results to take place. The significance of overt or inadvertent corruption cannot be understated. Both sides have hidden as well as altruistic motives, even if it consists of personal career enhancement.

1.7 Millennium Development Goals

The Millennium Development Goals (MDG) commit the international community to an expanded vision of development to be achieved by 2015. The vision identifies 'human development as the key to sustaining social and economic progress in all countries, and recognizes the importance of creating a global partnership for development. The goals have been commonly accepted as a framework for measuring development progress' (Millennium Development Goals, 2004)

In September 2000 the member states of the United Nations unanimously took on the Millennium Declaration after consultations among international agencies, including the IMF, the World Bank, the OECD, and the specialized agencies of the United Nations, the General Assembly established the MDG as part of the road map for implementing the Millennium Declaration (Millennium Development Goals Basics, 2004).

Millennium Development Goals are:

- **MDG1 – Poverty**: To halve between 1990 and 2015, the proportion of people whose income is less than $1 a day.
- **MDG2 – Universal primary education**: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
- **MDG3 – Gender equality in schools**: Achieve equality in enrolment ratios by 2005.
- **MDG4 – Child mortality**: Reduce by two-thirds between 1990 and 2015.
- **MDG5 – Maternal mortality**: Reduce by three-quarters between 1990 and 2015.
- **MDG6 – HIV/AIDS and other diseases**: Have halted by 2015 and begun to reverse the spread of HIV/AIDS and incidence of malaria and other diseases.
- **MDG7 – Ensure environmental sustainability**: Target: Halve the proportion of people without sustainable access to drinking water by 2015.

MDG8 – Develop a Global Partnership for Development: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications. All are seen as having an international advantage in the long term.

Table 1.1 Likelihood of five example MICs meeting some 2015 MDG targets:

	MDG1	MDG 2	MDG 3	MDG 4	MDG 5	MDG 6	MDG 7
China	Likely	V. Likely	V Likely	Unlikely	V Unlikely	V Unlikely	Unlikely
Russian Fed.	Unlikely	Possible	Possible	Unlikely	Unlikely	Unlikely	Possible
Brazil	Likely	Unlikely	V Likely	Likely	No data	V Likely	Unlikely
Jordan	Likely	V Likely	V Likely	Unlikely	V Likely	V Likely	V Unlikely
S. Africa	No data	No data	V Likely	V Unlikely	No data	V Unlikely	V Unlikely

Source: World Bank (2003b). Data from World Bank publication (October 2003) on MDG progress in Europe and Central Asia.

The World Bank Millennium Development Goals outlook data is indicative and should be interpreted with caution. An extrapolation approach is used to produce the possibility of meeting the MDGs and projections are reliant on the quality of the base data (World Bank, 2003b). One problem is that targets are temporary when used as a way of tracing actions. It is assumed that having clear goals will themselves make a difference.

1.8 Relationship between Donor and Recipient

'The quality of aid is endogenous to the relationship between the donor and the recipient country. Indeed, the quality of projects will depend not only on the amount of effort the staff in the donor's agency devotes to its design, but also on the type of government in the recipient country' (Wane, 2004, p.4).

Over 30 years ago, Lester Pearson in 'Partners in Development' referred to partnerships as a cooperation between donors and recipients expressing common rights and obligations, directed to a clear goal, or a project, beneficial to both.

The partnership concept was used in efforts to recast the relationship between donor and recipient as an arrangement founded on shared or common rights and responsibilities. Though there may be gross disparity in practice in this regard, the intent is to emphasise the essential interdependence of the developed and developing world. One partner may bring the majority of the financing to a project or programme, but each partner is seen as bringing something of value that is essential for the joint effort to attain a common goal. This conclusion is based a great deal on experience of aid being misused. The disparity of the actions on the donors and the recipients when the donors left makes some question whether anything of value has been achieved (Powell, 1999).

The combination of recasting the recipient country as an actively engaged partner dedicated to the joint effort and the emphasis on interaction should help avoid two types of unwanted partnerships described in the development literature: 1) the 'hollow partnership' in which terms are decided entirely by the donor; and 2) the 'inflexible partnership' in which development aid flows follow inflexible contractually agreed upon rules with no scope for flexibility and reassessment over results (Demirjian, 2002).

1.9 Project Planning and Management Structure

It is usual for development projects to be planned and managed in the following manner:

At the donor agency level, regional and sectoral planning takes place primarily in the donor country. The operating unit's strategic plan defines specific multi-year objectives that state how donor agency goals will be pursued in a certain country. Based on the strategic objectives, individual activities are planned to realize these results, typically through the transfer of programme funds to implementing bodies.

Activity planning focuses mainly on the definition of outcomes, the types of government institutions that will achieve these outputs, and the contracting and aid instruments that formalize the relationship between the donor agency and the aid recipient government. It is telling how much activity is planned by and takes place in the donor country.

Full-time, in-country staff carry out the planning, implementing, and assessing work associated with certain projects. They are directly involved in managing projects and programmes in support of their strategy.

The donor's in-country senior management personnel plan projects and activities in the recipient country, often in coordination with responsible government officials and decision makers of the recipient government. Middle management personnel including Foreign Service nationals participate in the overall project management and evaluation. Advisors and consultants at various levels are contracted by the donor agency to provide advice and to carry out consultation and conduct studies.

On the recipient government side, boards chaired by ministers, and high commissions prepare country development strategies for different sectors and development needs. Often, as a result, government bodies seek assistance from donor agencies to carry out projects that are believed to fall within the donor's development policy. Usually heads of government institutions identify these projects, and then appoint the director and

staff of the project in coordination with the donor once assistance is granted. The project director manages the implementation of the project and reports back to the donor and recipient government's related ministry or commission, while project staff carry out the day-to-day activities. The old model of the emphasis on the policies of the donor remains. The implicit shift of emphasis towards partnership remains fairly slight. Rarely do we come across recipient led aid.

1.10 Middle Income Countries

The Middle Income Countries (MICs) are a diverse group of nations. All of them face considerable development challenges, but the kinds of these challenges vary substantially within the group. Furthermore, the hard-won achievements in poverty reduction in many countries remain vulnerable to economic instability. Progress on policy reform differs a lot, with many MICs still at an early stage of reform. Even in the more advanced MICs, a major reform agenda remains incomplete. There are great differences in countries' institutional capacity to design and implement reform initiatives. Progress on incorporation with the global economy also varies greatly. Many MICs still do not have much access to international markets. Instability in private capital flows is a concern even for those with better access.

The MICs, which include 77 countries, comprise a wide range of countries in terms of size, access to international markets and level of development. For example, 'MIC's include Nigeria with a 1999 per capita GNP of $310 at one extreme and South Korea with a per capita GNP of $8,490 at the other' (World Bank, 2005). They 'include countries like Palau with a population of only 19,000 and China with over 1.2 billion people. In terms of access to international capital markets, the MIC's include investment grade countries such as Chile and Mexico, but the majority of countries are simply not rated by major credit rating agencies' (World Bank, 2005).

1.11 Jordan

Jordan shares some development challenges and general characteristics of other middle income countries, but it is unique in others. Jordan (a) has limited resources, (b) enjoys an overall policy environment that favours aid effectiveness, (c) is positioned in a strategic location at the centre of complex and dynamic political, social and economic forces that makes Jordan highly vulnerable to external shocks, and (d) receives large amounts of foreign aid (about 10 percent of GDP) as it is favoured by donors among other countries for aid assistance (World Bank, 2002a). The unique characteristics of countries make it impossible to generalise safely from exclusively Jordanian examples. It may be the case that some important issues related to aid provision will be common to several MICs; however, the findings of this research pertain to the Jordanian experience.

Jordan, though a small country, figures significantly in the geopolitics of the Middle East. The importance of Jordan strategically and politically, which has not changed for a long time, and the maintained close relations with the aid donors has been strengthened by the international and regional situation. While the international foreign aid climate may have been affected by terrorism and conflicts in the Middle East, little has changed for Jordan in reality. In fact, Jordan's important position may have reinforced central attitudes towards aid provision.

The open economy of Jordan is based on a few natural resources: 'only six percent of Jordan's land is arable, water availability ranks among the world's lowest, but mineral resources are significant (mainly potash and phosphate). This weak economic base is supplemented by large, though volatile, remittances from the one-third of the labour force that works in the Gulf countries. Half of Jordan's exports and a quarter of its imports are with its neighbours and, therefore, its fortunes are firmly tied to those of the region. The region has been beset by prolonged turmoil that has had a direct impact on Jordan's economy. The economy barely grew at the rate of its population growth rate, resulting in stagnant real per capita incomes. The country's vulnerability to external shocks is high and the potential for regional instability is also considerable' (World Bank, 2002a).

Jordan's fiscal position has deteriorated because of the stoppage of the oil grants in May 2005 coupled with the continuous increase in international oil prices, which generated large deficits in both fiscal and current accounts. The political outlook has also become more uncertain as a result of the November 2005 bombings in Amman, the political developments in the Palestinian National Authority, and the fragile regional situation (World Bank, 2006).

In the medium-term, the economic outlook of Jordan is expected to witness a high level of uncertainty due to the rapid increase of international oil prices, the level of foreign aid, the regional political situation, and the flows of short-term external capital (World Bank, 2006). The Government of Jordan's external debt service burden remains uncomfortably high. In 2005, it amounted to $813.4 million, of which $ 550.35 million were principal payments and $363.05 million were interest payments (MINISTRY OF FINANCE, 2006).

1.11.1 Jordan's Geopolitical Situation

Jordan's social and economic development was directly affected by its geography and politics in the region. Its population increased following many waves of migration. The migration, together with high natural growth, led to a high annual population growth rate. Jordan's population of 5.3 million is expected to double in 2020, which will have serious consequences for future socioeconomic development, requiring major investment in social services and conservation of limited natural resources, especially water. Jordan is one of the most water-scarce countries in the world. It shares both surface and groundwater resources with other water-deprived nations in the region, creating a set of complicated situations (World Bank, 2006).

1.11.2 Jordan's Fragile Natural Environment Constrains Development Choices

Water shortage is the most important natural constraint to Jordan's social and economic development. Current estimated water use of 800 million m^3/year already

exceeds renewable water supplies. The water deficit is increasing rapidly. In 1999 the deficit was 365 million m^3, the cost of developing new water resources to fill the gap is also rising rapidly (MINISTRY OF WATER AND IRRIGATION, 2002).

Jordan's arid and semi-arid environment hosts a fragile eco-system that is susceptible to rangeland degradation, soil erosion and urban encroachment. Most of Jordan's economic activities now take place on only 10% or its land. A growing population and an emphasis on economic activities have added pressure on this limited land resource. Any degradation or permanent loss of land resources jeopardizes current and potential land usage and has a direct consequence on the livelihoods of the population (MINISTRY OF WATER AND IRRIGATION, 2002).

1.11.3 Poverty and Social Conditions

Incidence and intensity of poverty in Jordan is remarkably higher than that prevailing in the late 1980s. In the early 1990s, the Gulf crisis disrupted employment and economic growth in the region and caused the return of many migrant workers from the Gulf, leading to a surge in poverty and unemployment. The incidence of poverty is estimated at 14.1 percent, although the number of the poor has increased in the past few years due to the rapid population growth (World Bank, 2006).

There is considerable disagreement about the level of Jordan's poverty. Many Jordanian analysts, using various poverty lines, estimated poverty to be much more than the World Bank's estimate. The Jordanian Ministry of Social Development (2002), Poverty Alleviation for a Stronger Jordan: A Comprehensive National Strategy, states that 'Depending upon the poverty line used, anywhere from 15 to more than 30 percent of the population falls below that line.' Irrespective of which estimate is used, it is obvious that Jordan's poverty is still very high. This causes concern and it stresses the urgency of ensuring that policies and strategies to alleviate poverty are identified. From the Jordanian point of view (if not the donors') this is a major priority.

Jordan's social indicators are above the average for Middle East and North Africa (MENA) countries and are better than a number of middle-income developing countries (Table 1.2). It has made good progress in building its human capital, but in an expensive way. In 2002, health and education expenditures totalled 9.1% and 5.6% of GDP respectively compared to a MENA average of 4.3% and 4.5% (World Bank, 2002a).

Table 1.2 Selected Human Development Indicators in Jordan and Comparator Countries

	Jordan		MENA		Lower & middle income
	1975–80	1999–00	1975–80	1999–00	1999–00
Life expectancy (years)	60	71	46	68	69
Total fertility rate (births per woman)	8	4	6.6	3	2
Infant mortality (per thousand births)	49	26	125	43	33
Access to an improved water source (% pop.)	..	96	69*	89	80
Gross primary enrollment (% of school-age pop.)	72	104	69	97	107
Male	79	104	..	103	107
Female	65	104	..	90	107
Gross secondary enrollment (% of age group)	48	93	29	64	70
Adult illiteracy (% of pop. 15 years and above)	39	10	67	34	15
Male	22	5	56	24	9
Female	56	16	77	46	21

Data refer to the most recent year available during the period specified. Note: * figures from 1980.

Source: World Bank, World Development Indicators (various issues).

1.11.4 The Vulnerability Context -- Regional Shocks

Jordan is positioned in a region of conflicts and turmoil. This volatile environment fosters instability in growth and development in the country despite aggressive economic reform initiatives undertaken by the Government of Jordan and the economic assistance Jordan receives from the various donors.

Shocks that have affected Jordan's economic and social development include the creation of the State of Israel in 1948, the Arab-Israeli wars of 1948/49, 1967 and 1973, the Iran-Iraq war of 1980-88, the Palestinian *Intifada* of 1987, the 1991 Gulf War, the second Palestinian *Intifada*, the aftermath of 9/11, and the 2003 US-led war on Iraq.

Financial sector reforms in Jordan have taken root and the privatization programme has accelerated. However, there are three risks to sustainability:

(i)   regional conflicts;

(ii)   large fiscal deficit and high external debt; and

(iii) persistent high poverty and unemployment rates.

1.11.5 Overall Gains, Unequally Distributed

Jordan has made significant progress towards achieving human development goals. To a certain extent its high ranks for education and health can be translated as the positive result of investment by the government in basic social services over recent decades (UNDP, 2002). The main factor constraining progress appears to be instability in economic development during recent years. Had more stable economic growth been accomplished for the period then it is possible that even better human development indicator scores would have been attained.

However, these relatively positive accomplishments are not a reason for complacency. Despite the intensive efforts of the government of Jordan and the private sector, obstacles and challenges persist. Real per capita income has not grown as quickly as expected over the period 1997 to 2002, from $3,161 to $4,130 (Ministry of Finance cited in Government of Jordan, 2003). As a result, poor people are unlikely to have felt significant improvement in their lives. The situation for poor women has worsened, especially in terms of economic empowerment.

As noted by the World Bank Report for the MENA regions, 'overall gains can often mask significant weakness in inclusion' (World Bank, 2003). To some extent such contradictory messages often occur when dealing with aggregate data on the national level. Over dependence on the use of quantitative methods of analysis such as Human Development Index and Human Poverty Index can present a somewhat distorted picture of human development, as they are incapable of accounting for the multidimensional features of poverty and development.

1.11.6 Main Bilateral Donors to Jordan

Jordan received $471 million in grant aid in 2002. The U.S. Government provided 61% of the grant assistance, followed by the EU at 22%, the Japanese Government at 7%, the German Government at 4%, the Spanish Government at 2% and the Government of Saudi Arabia at 2%. The remaining 2% was provided by a number of countries: Canada, Norway, the World Bank, the Arab Fund and the Islamic Development Bank. In addition to grants, Jordan received a total of $184 million in bilateral and multilateral loans mainly from the World Bank, which provided 68% of the total loans, followed by the German Government at 13%, the Spanish and Swiss Governments each at 9% and Government of Norway at 1% (UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, 2004a). Though the large amounts of aid Jordan receives mainly supports its economic growth and balance of payment situation, it has indeed other policy and political implications.

The EU's and Japan's key focus of assistance is in the area of balance of payments support. The German Government focuses on the water sector. And the World Bank's main areas of assistance are the education and public sector reform (UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, 2004a). While, it might appear that donors have different defined fields of development work, there seems to be a lack of proper donor coordination.

The Jordanian Ministry of Planning and International Cooperation leads donor coordination efforts on behalf of the Government of Jordan. In addition, frequent donor coordination meetings for particular sectors' support take place under the umbrella of the United Nations.

Canada

The Canadian-Jordanian Development Programme was launched with the establishment of two key programmes: Petro-Canada International Assistance; and the Multi-Sector Program Grant. Canada provided assistance to help Jordan cope with the impact of the Gulf War, helped support Jordan's Balance of Payment deficit, and provided policy support in the water sector.

The Canadian International Development Agency (CIDA) developed its support programme to Jordan, which identified the peace process and basic human needs as the main factors for support. CIDA's priorities in Jordan involve education and information technologies as well as socio-economic development including capacity building in the area of gender issues.

Jordan and Canada signed several bilateral agreements in the fields of double taxation prevention, trade, and tourism. Canada prides itself in particular on the disinterested nature of its aid.

France

The economic relations between Jordan and France started after signing the Cultural and Technical Cooperation Agreement in 1965. France provided Jordan with soft loans to support the country's balance of payments account after the first Gulf Crises. It finances development projects in the fields of telecommunications, fertilizers industry, and energy.

The French aid is conditional on obtaining goods and services from France. This led, in certain periods, to a substantial presence of French companies that implement different development projects in Jordan. It demonstrates a subtly different approach.

Germany

German assistance to Jordan is mainly directed to the implementation of projects in the following areas: water, environment, institution and capacity building, economic development, agriculture, rural development, and poverty alleviation. German support to Jordan also included debt rescheduling and swap. A number of debt swap agreements were directed to finance projects in the water sector, and the Social Productivity Programme.

The German Embassy in Amman manages about eight small-scale projects every year. These projects focus on poverty alleviation and local activities for sustainable

development. In addition, Jordan and Germany have signed several bilateral agreements in the fields of air transport, investment promotion, trade, and cooperation in the field of standards and metrology.

Italy

Italy provides Jordan with assistance in the areas of health, water, infrastructure, energy, forestry, and budget support. Italy also provides loans to Jordan to finance development projects. Grants are used to finance small projects such as social and micro enterprise projects.

Japan

Based on extensive policy dialogue between Jordan and Japan, Japanese aid programmes have given priority to providing assistance in the following areas:

- Improving the conditions in the area of basic human needs such as water, food supply, primary health care and education.
- Promoting and modernizing the industrial and service sectors with an emphasis on strengthening infrastructure in the areas of tourism and transit trade.
- Providing support in the field of economic and industrial policy-making and human resource development, and providing technical and financial assistance aimed at developing export industries.
- Environmental protection to tackle water and air pollution and address increasing demand for waste disposal.

Japanese assistance contributed to the development of Jordan's basic education infrastructure, syllabus modernization and development efforts, and training programmes carried out through the Human Resources Development Projects.

Spain

Spanish bilateral assistance to Jordan comes in the form of loans, grants, and technical assistance. Bilateral loans are used to finance development projects. Grants are used to finance small projects such as social projects and projects that are related to the development of the health, tourism and water sectors.

Spain financed various projects in the fields of tourism, health, agriculture, computerization at the Ministry of Justice, and support to NGOs and cultural and educational exchanges. Spanish-Jordan Financial Programme signed in 1999, aims to provide credit facilities in a number of development areas.

United Kingdom

The UK's aid programme, which is carried out by the Department for International Development (DFID), focuses on the areas of economic reform and privatization, education, and poverty-reduction. It helps Jordan build its planning and operational capacity, specifically the capacity of the Ministry of Social Development and Queen Zein Al-Sharaf Institute for Development, to support social development and reduce poverty.

The Jordanian Ministry of Education has been a main recipient of UK's aid primarily in the field of improving modern education systems in Jordan. The UK has implemented a number of programmes that helped develop human capital and supported community groups in underprivileged areas. It also provided technical support to the Income and Sales Tax Department and the capital market (MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION, no date). In its new developing strategy, DFID is pulling out of middle income developing countries as it focuses its assistance on low income countries, and therefore the level of the UK's aid to Jordan has been gradually declining. This is despite many of the deep and traditional ties between the two countries.

United States of America

Jordan is one of the largest recipients of U.S development aid world-wide. The U.S. assistance aims to support Jordan's efforts in the fields of economic growth, water, tourism, health, democracy and governance, environment, and education, in addition to military assistance. The United States Agency for International Development (USAID) activities are designed in partnership with the Government of Jordan (GOJ), the Jordanian private sector organizations, and the civil society. Relations between the U.S. and Jordan have been close for four decades. Jordan enjoys a good political relationship with the U.S. that helps maintain its stability and economic growth. The United States political interest in Israel and Palestine, and the many refugees from the latter in Jordan are a significant factor.

The U.S. policy seeks to reinforce Jordan's commitment to peace, moderation, and fighting terrorism which support broad U.S interests. Jordan has received more than $2 billion in U.S. economic assistance since 1952. Despite budget cuts in USAID programmes elsewhere, annual funding levels in Jordan have increased from $7.2 million in the fiscal year 1996 to more than $140 million in 1998, and a continued annual average of about $350 million in the following years. In 2003 the U.S. Congress approved an additional $700 million in the form of a cash transfer to Jordan to help offset the impact of the military conflict in Iraq.

1.12 Importance of the Study

This research examines aid policies as applied by both donor and recipient governments. It studies the impact of donor-recipient relationship, differences in interests, and conditionality rules on the effectiveness of bilateral donor–funded projects. The research also identifies appropriate policies and practices for both donors and recipients for utilizing aid. It examines aid programmes rather than sector wide or budget support. Furthermore, the analysis looks at some of the underlying implications.

This research attempts to show that foreign aid works in poor policy environments provided that donors diligently plan and implement sound policies and practices in designing and managing aid, taking into consideration capacity constraints and cultural and social aspects of aid recipients. The research seeks to identify those policies and management practices within the context of Jordan. It also aims to introduce new perspective for assessment of the effectiveness of aid, not only from the standpoint of the donor, but also from the perspective of the recipient. The research puts more emphasis on the management of aid, and examines the impact of the recipients' commitment to achieving the objectives of the project on the success of the intervention.

Jordan provides an example which is in many respects typical of the community of middle-income countries with limited resources and where the overall policy environment favours aid effectiveness. However, there are individual distinctive characteristics in all countries and therefore no claim can be made that through a study such as this universally applicable conclusions may be reached. Nevertheless the more general findings and indicators from Jordan, if adopted with due caution, will probably be found to apply to many similar middle income developing countries. The analysis is concerned with some of the deep underlying implications of aid policies.

The theories and practice of aid provision does change with time – both in the attitudes, experience and capabilities of donors and recipients. This study deals very much with the current climate of aid, and covers the period between 1998 and 2005. This period witnessed many political developments such as September 11 attacks and the Iraq war, which had their toll on the Middle East region. After 9/11, the main focus of foreign aid, especially the American, shifted to increased role in the global fight against terrorism, and increased humanitarian and economic development to foster international peace and stability and the promotion of human rights.

Wane (2004) argues that donor agencies are not equally effective at designing their aid programmes. However, donor performance ranking indicators presume that development funds have the same value regardless of the aid programmes' design and quality. In addition to evaluating the design of the different donor-funded aid

programmes, this research looks at the management and delivery mechanisms of aid as carried out by the different donors and explores the impact and reality of daily management decisions.

Durbarry et al (1998) explain that the effect of aid on growth varies according to the pools of areas selected and periods surveyed in the different studies on the relationship between aid and growth. They argue that much of the literature on the effectiveness of aid using growth models are broad in scope and fail to examine effectiveness in detail. They do not look closely at the variables related to the complexity of aid programmes and other details that influence aid effectiveness. This study looks at some of these variables that are not addressed in the literature such as recipient policies, priorities and commitment.

The political regime in recipient countries has a key impact on the effectiveness of aid as shown by Svensson (1999) and Kosack (2003). Some studies attempted to examine the impact of donors on the success of development programmes. Dollar and Svensson (2000) and Kilby (2000) studied World Bank–funded structural adjustment programmes. Dollar and Svensson (2000) showed that donors have no impact on the aid programme's success, while Kilby (2000) illustrates that donors can improve the effectiveness of aid, specifically through variables such as timing and intensity of supervision. The current research attempts to demonstrate that the impact and the role of donors in ensuring the effectiveness of development aid they offer goes beyond selecting the recipients based on their policies and quality of governance. It examines the different elements of donors' policies and practices, not only timing and intensity, and their impact on aid.

Official development assistance aims mainly to reduce poverty and spur growth. However, all the above mentioned variables have a large impact on the effectiveness of foreign aid. This research revisits and reinforces some of finding in the literature such as the effect of donor policy, project design, the political regime of the recipient country, and intensity of supervision by the donor. The research looks at all these variables from a different perspective and investigates them within the context of Jordan. As middle income country with a good policy environment that favours aid effectiveness and that receives large amounts of aid assistance, this is a good case to

study. Jordan also has limited resources and is highly vulnerable to external shocks. Because each country is unique, the role of aid can be understood best through careful analysis of an individual country.

This research examines the impact of another set of variables on the effectiveness of aid programmes within a certain environment. Despite the fact that aid reduces poverty and spurs growth more efficiently when it goes to developing countries that have reasonably good policies and institutions, as portrayed in aid literature, this research also demonstrates that within such an environment there exist other variables that affect the success and sustainable benefits of projects. These variables include the relationship between the donor and recipient and differences in interests, objectives and priorities between them; and the way the development project is managed and implemented.

The Operations Evaluation Department (OED) of the World Bank assesses, each year, a number of World Bank projects completed two to three years earlier for their development impact and likelihood of sustainability. OED rates the performance of both the World Bank and the recipient country during the project preparation and implementation. It evaluates the quality at entry, in terms of suitability of the project's design to the recipient country, by rating the project's concept and feasibility of objectives and approach used in the design. Moreover, it rates the recipient country's compliance with its commitments (World Bank, 2002b).

Most of the aid effectiveness research papers focus on World Bank projects because of the unavailability of the data on other donors' projects and programmes, both bilateral and multilateral. This research uses a number of World Bank's project ratings indicators, among other inputs and performance indicators developed by the study, but it examines the performance and effectiveness of a number of bilateral aid projects of the kind that the World Bank data does not consider.

Good governance and democratic governance

From the human development perspective, good governance is democratic governance. Democratic governance mainly means that:

28

- People have a say in decisions that affect their lives.
- Human rights and essential freedoms are respected.
- Decision-makers can be held accountable.
- Inclusive and fair rules, institutions and practice govern social interactions.
- Women are equal partners with men in private and public spheres.
- People are free from discrimination.
- Economic and social policies meet people's needs and aspirations.
- Economic and social policies aim at alleviating poverty and expanding choices.

(UNDP, 2002)

Underlying the rhetoric and intentions of aid programmes, these goals are widely understood. What is less clear is how these praiseworthy goals are actually implemented in aid programmes. As the case studies make clear there are some gaps between the statements of intention and the reality.

1.13 Status of the Researcher

The researcher started her career working in an NGO, Noor Al Hussein Foundation, as a public relations and fundraising assistant. Her responsibilities included communicating with donors, writing fundraising proposals, and reporting on the progress of the different development projects under the umbrella of the Foundation. In this capacity, the researcher learned about the development policies of the recipient and the different donors and how they affect the projects' success and sustainable benefits. She also learned about development strategies and project design.

Later in the researcher's career, she joined USAID/Jordan as Projects Manager responsible for designing and managing multi-million dollar projects aimed at economic development. Her work involves negotiating with the government of Jordan over project design and aid conditionalities.

Having worked with both the recipient and the donor of aid, the researcher was able to bring to the table a wealth of experience in the field of development aid from a broad perspective.

1.14 Objectives of the Research

The <u>main objectives</u> of the research are to:

- Analyze aid policies and delivery mechanisms in the light of their philosophy and stated objectives as applied by bilateral donors.
- Assess, evaluate and analyze recipient government policies and practices in relation to foreign aid.
- Investigate and compare the extent of difference in interests and objectives between bilateral donors and recipient government in relation to aid.
- Assess the consequent effectiveness of the various forms of foreign aid (financial and technical) on Jordan.
- Examine the impact of conditionality on the effectiveness of aid programmes.
- Explore the attitudes and experiences of those involved.

The <u>secondary objective</u> of the research is to:

- Identify the essential aspects of Jordanian government policies for managing aid, and measure the effectiveness of aid management in achieving the stated objectives

Following from the analysis of these items, the research seeks to explore the policies and practices for both bilateral donor and recipient government for utilizing aid based upon the Jordanian experience, and uncover some of the impediments that impact the effectiveness of these policies.

In the context of this study, the term 'recipient government' refers to the Government of Jordan, and the conditionality of aid refers to conditions attached to aid given by a donor that are based on performance criteria.

Policy is defined as a definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions (Merriam-Webster Online, 2006).

Chapter 2
Literature and Theoretical Review

The following chapters of this research provide a brief review of development theory followed by an examination of selected aid literature; the study then proceeds to describe the methodology of the research, examine the documentation and the interviews associated with the selected case studies; there is then an analysis of the findings drawn from each individual case study; followed by a cross-case analysis that addresses the objectives of the research as a whole and leads to the conclusions.

The following sections provide a short overview of the theories of development. The purpose is to place this study within the context of development philosophy, without necessarily implying that the conclusions from the research correspond directly or exclusively to any of the theories described. Perhaps inevitably development theory has been influenced strongly by the perceptions of the process as viewed by the developed world. Each of the theories seeks to explain the process within a paradigm consistent with developed, and essentially Western, theories of change. Whilst this maybe an entirely acceptable context, this study is more concerned with the practical constraints and compulsions that exist for the recipient. Beyond the recognised theories of development there clearly exists a framework within which the recipients respond –or are unable to respond– to the practical dimensions associated with successful development initiatives. This study seeks to probe that area by providing a balanced evaluation of the complementary, and sometimes conflicting, priorities and practical realities as they impact on both donor and recipient.

Most of development theories are presented by researchers from the developed world. This research is conducted by a scholar from a developing country with a focus that includes input from the government of the developing country that is receiving the foreign assistance, and not merely the donor.

Development studies and research are defined as 'the societal reproduction and transformation processes of the developing countries, in conjunction with the

international factors that influence these processes' (Martinussen, 1997, p.4). Development agencies tend to believe that theories that proved to be effective in developed countries can be applied without any changes or customisation to developing countries that have different characteristics and internal conditions. Those important differences one would expect to be thoroughly looked at in research. However, this is not always the case. Quite the opposite, there is a general trend to presume a sort of universal applicability and validity (Martinussen, 1997). Developing countries have different characteristics and conditions, and hence, one would presume that aid policies and practices that apply to one country do not necessarily apply to the rest.

Most of the original theories of development are theories of economic growth. Foreign aid literature mainly examined the impact of aid on economic growth. The main focus of researchers has been the conditions that advanced or hindered economic development without consideration of social or cultural aspects. However, there were some theories that concentrated on political and cultural dimensions. Nonetheless, most of these theories were considered weak with respect to economic analysis, and therefore failed to present a comprehensive picture (Martinussen, 1997). In assessing the effectiveness of aid, especially specific intervention, one should take into consideration all factors that might have an influence on the efficiency of the aid project or programme, including political, social and cultural aspects. Whatever the context, the significance and influence of those factors remain an important question.

In addition to its contribution to theories related to overall effectiveness of foreign aid, this research contributes to theories concerning non-economic factors that exist in individual developing countries, specifically Jordan, with focus on particular internal conditions, relationship of the country to the developed world, and social and cultural conditions including gender and environmental concerns.

2.1 Main Development Theories

There are four major theories of development namely: Dependency, Modernization, World Systems and Globalisation. The Dependency Theory suggests that the wealthy

nations need a marginal group of poorer countries to remain rich. It states that 'the poverty of the countries in the periphery is not because they are not integrated into the world system, but because of how they are integrated into the system' (Lipietz, 1982).

The premises of dependency theory are the poor nations provide natural resources, cheap labour, and markets to the wealthy nations, without which they could not have the high standard of living they enjoy. And that First World countries maintain a state of dependency through various diplomatic initiatives and policies (Tutor2u, 2005).The Dependency theory suggests that in order to create a suitable environment for development within a country, it is important to control the monetary exchange rate; promote a more efficient governmental role in national development; create a platform of investments; allow the entrance of external capital; and encourage internal demand of domestic markets. The major assumption is that the development of countries in the Third World requires subordination to the core (Reyes, 2001).

The Modernization Theory was developed in the mid 20th century (Rostow, 1960). The theory states that economic development encouraged political development, and that the two are compatible. Also, political modernization is the liberalization of government systems and democratization. The theory argues that economic openness promotes modernization, the creation of a middle class, and the fall of conventional systems (Inglehart, 1997).

Modernization Theory focuses mainly on individual countries for analysis and follows scientific approaches. It implies a degree of certainty in development that all countries will eventually become liberal democracies and economically developed, some faster than others. Both the dependency and modernization theories are built on the basis of the nation-state, while world-systems and globalization theories based their assumptions on the international links among nations, which proved to be more applicable, as the development of an individual nation can not be pursued in isolation from the rest of the world.

A world-system theory is based on 'a unit with a single division of labour and multiple cultural systems'. Its driving force is the collection of private capital, through exploitation in production and sale for profit in a market; therefore it's a capitalist

world-economy. The modern world-system is a world-economy; it is 'larger than any juridically defined political unit' and 'the basic linkage between its parts is economic'. It is 'a system that operates on the primacy of the endless accumulation of capital via the eventual commodification of everything' (Wallerstein, 2004).

The theory of Globalization is a set of theoretical claims. It includes 'the interpretation of the current events on the international sphere in terms of development, economic conditions, social scenarios, and political and cultural influences', where world countries are more integrated in international economic transactions. The theory emphasizes two main trends: worldwide active communication systems, and smooth economic conditions, especially high mobility of financial resources and trade liberalization (Sunkel, 1995; Carlsson, 1995). The concept of globalisation 'refers both to the compression of the time and space of social relations and to the intensification of consciousness of the world existing as a whole' (Morgan, 2006, p.96). Morgan (2006) argues that globalisation increases economic, political and social influence beyond national borders. He points out that an open-borders world, with global communication systems, that promotes a monoculture demolishes local cultures.

The Globalisation theory is similar to the world-systems approach in the sense that they both emerge from the international system of larger integration with specific emphasis on the area of economic connections. Nonetheless, the most significant aspect of the Globalization theory is its focus on cultural factors. The theory supporters argue that the key contemporary components for development understanding are the cultural relations among countries, rather than the economic and political relations.

The theory of globalization is the most relevant to this research. The main hypotheses of the theory are:
1- Cultural aspects are decisive factors in every country. They have an effect on the economic, social and political environment of different nations. This study fully supports this assumption and further investigates the effects of cultural and social factors on the effectiveness of foreign aid.

2- Under the present world state of affairs, it is not essential to use the state as the unit of analysis because the international means of communication and global links makes this hypothesis less effective. This research initially disagrees with this assumption and attempts to confirm that each country, specifically Jordan, has its own unique set of characteristics that should be taken into consideration when designing aid projects and programmes and that a one-size-fits-all approach is not workable.

3- More social segments from all over the world will be able to link and communicate with other groups in the world. Interaction between the various levels of power around the world does affect the course of foreign aid especially the influence of the dominant stakeholders and powerful groups in donor countries. The influence of such groups on foreign aid will also be looked at in the present research.

Morgan (2006) argues that as individuals, institutions and businesses network across the globe, the risk is that, with the power of global communications, elites in the new corporations will create an international identity that will allow them to advance their self interests.

The following sections are concerned with the literature dealing with particular aspects of aid provision. Some are of direct relevance to the present study, other aspects introduce issues which do not closely relate either to Jordan or to the case studies in this research. They are included primarily because they throw light on important understandings for a general appreciation of aid provision but also because they illustrate the fact that Jordan, like all other countries, has a unique profile in terms of its position as viewed by aid donors.

2.2 Impact of Aid on Growth

The literature on effectiveness of foreign aid has mainly focused on assessing the impact of aid on economic growth. There was a common perception in the 1990s that foreign aid was ineffective at stimulating growth in developing countries. However, Burnside & Dollar (1997, 2000) stimulated the aid effectiveness argument. They

show that aid effectiveness is dependent on the macroeconomic policy environment of the recipient and that aid is effective in countries with sound policies but has little impact in countries with bad policy environments. They recommended that donors only provide aid to countries with sound policies.

The findings of Burnside & Dollar have stimulated the discussion concerning foreign aid. A number of studies argued that aid is effective regardless of the policy environment (Hudson & Mosley, 2001; Dayton-Johnson & Hoddinott, 2003; Moreira, 2003). The present study also assumes that aid can be effective in poor policy environments, and examines the different factors that improves the effectiveness of aid in such environments.

Many studies like Boone (1994), Hadjimichael et al (1995) and Mosley et al (1987) have found that foreign aid has had no relationship with growth in developing countries. Some, on the other hand, state that aid has had a negative effect on domestic savings and economic growth in some countries, for example that of Gong and Zou (2001). Nonetheless, other research has shown that aid has a positive effect on economic growth (Fayissa and El-Kaissy 1999).

Based on data averaged over the period 1970-1980 for 63 countries, Mosley et al (1987) found no major correlation between aid and growth. The authors recommend that donors focus their assistance on countries that meet certain criteria for high effectiveness of aid (e.g., estimated rates of return on investment, proportion of aid allocated to 'non-productive' recurrent expenditure, and estimated impact of aid on the private sector). In a follow-up paper that extended the database to the 1980s, Mosley et al, (1992) reported a strong relationship between aid and growth, and a positive association between the role of policy orientation and the effectiveness of aid. The authors concluded that the effect of aid on growth is country specific. They proposed a scheme in which the effectiveness of aid and policy orientation depends on the stage of development of recipient countries, which they claim could explain why there was no relationship between aid and growth in the cross-section regression. They proposed four stages of aid effectiveness: (1) 'low aid, low growth' where a near subsistence economy is cut off from aid because of war, political instability, or economic mismanagement, (2) 'high aid, low growth' stage, in which increased aid

flows have no immediate impact because of gestation lags; (3) 'high aid, high growth' stage in which aid flows remain high, and become more effective as lags unwind; and (4) 'low aid, high growth' stage in which aid diminishes but growth continues at a high pace.

Burnside and Dollar (1997) investigate the interaction between aid and policies that promote growth in a neoclassical growth framework. They use the empirical growth literature to incorporate a range of policy and institutional distortions that have been found to help explain the growth performance of poor countries. Estimation of the base specification (using panel data for 40 low-income and 16 middle-income countries over six four-year periods from 1970-73 to 1990-93) indicated that institutional quality, inflation, and trade openness were the most robust variables affecting growth. The impact of aid was always found to be significant for observations with average policies. Estimates of the impact of aid evaluated at good policy levels (one standard deviation above the mean for low-income countries and a bit higher for the whole sample) were all positive. This implies that recipients with good policies are more capable of producing greater impacts with the support.

Boone (1994) finds no significant association between aid and growth, while Hadjimichael et al (1995) find a non-linear relationship. They report that there is a threshold estimated at 25%, above which development aid starts affecting growth negatively.

Graham and O'Hanlon (1997) argue that though aid has had its successes in humanitarian relief and family planning, its evidence is mixed when it comes to supporting economic growth. Many countries in sub-Saharan Africa are poorer than when they started receiving development aid. The solution suggested by Graham and O'Hanlon (1997) is not to end development assistance, but for donors to know when to decide to cut off recipients that fail to adopt sound economic policies and rewarding those that do. Nonetheless, donors do not usually end assistance when recipients fail to take on sound policies, yet, they sometimes do reward recipients with good policies and reformers. Goulet (2002) argues that foreign aid can accomplish more than simply an increase in economic growth. He proposes that its definition should include the creation of equal distribution of wealth; increased welfare (such as

health, education and employment); the respect of human rights and freedoms; and the preservation of cultural identities. This depends on the amount of aid flow to the recipient country. It is difficult for a single donor to address in its programme all what Goulet (2002) is suggesting and be able to tangibly influence all the different aspect. In the case of Jordan, the United States, the largest donor to the country, provides Jordan with a large amount of aid every year that addresses all its main development needs. The size of the U.S. assistance makes it comparatively easy for the U.S. authorities to measure the impact of their intervention on the overall economy of Jordan in general and on a specific sector in particular.

2.3 Factors Affecting Aid

While the main focus of international research has been on aid and growth, some studies have addressed a number of factors that impact the effectiveness of foreign aid:

Collier and Hoeffler (2002) examined the impact of aid on growth in post-conflict scenarios. They show that the economic conditions of post-conflict countries can be unique in many ways. The need to rebuild infrastructure together with a decline in domestic revenue can make aid uncommonly productive and growth can be supra-normal. Results showed that there is a provisional growth surge of about two percentage points higher than otherwise during these events; that foreign aid is more than twice as valuable in post-conflict circumstances for given policies; and that there would be no growth spurt in the absence of aid.

Collier and Dehn (2001) looked at trade shocks and aid effectiveness. They claim that trade shocks can have significant negative impact on growth. They argue that aid can cushion the negative growth effects of harmful export price shocks in two ways. First, constant high levels of aid can be used as a buffer by decreasing the proportionate change in foreign currency inflows, and second, counter-cyclical changes in aid can diminish the change in these currency inflows. Guillaumont & Chauvet (2001) and Chauvet & Guillaumont (2002) also argue that foreign aid can cushion the effects of shocks on growth and can allow policy reform efforts to continue. Guillaumont &

Chauvet (2001) use the volatility of export earnings and the trend in trade provisions to capture trade shocks. Guillaumont & Chauvet (2001) and Chauvet & Guillaumont (2002) show that foreign aid promotes the sustainability of growth and policy reforms, and is found to be more effective in countries that are susceptible to external shocks.

Measured by the Human Development Index, Kosack (2003) showed that the impact of aid on the quality of life was conditional upon the degree of democracy. Svensson (1999) examined the effect of democracy on the aid-growth nexus. He showed that the growth impact of aid was conditional upon the degree of democracy. Democratic bodies should provide a regular and institutionalised check on government authorities in order to encourage them to use aid properly and stop them from misusing it. His results showed that interaction between aid and the democracy coefficient was nearly very significant and positive; nonetheless, democracy had no significant direct impact on growth.

Guillaumont and Chauvet (2001) studied a number of factors. They analysed structural vulnerability and its impact on aid effectiveness in recipient countries. They identified two types of shocks: climatic and trade. With statistically significant coefficients, results from empirical estimation show that vulnerability and the relation between foreign aid and vulnerability have an impact on growth. Chauvet and Guillaumont (2002) also analysed political instability and aid effectiveness using aid-growth model. Results showed an extremely significant and negative coefficient for the aid-political instability interaction term. Therefore, Chauvet and Guillaumont (2002) concluded that aid effectiveness is negatively affected by political instability, which also appeared to directly diminish growth. The aid-vulnerability was found to be positive and considerable, thus reinforcing the result of Guillaumont and Chauvet (2001).

Gomanee et al. (2002) looked at aid transmission mechanisms, i.e. ways through which aid can possibly increase growth. They argue that not only can aid affect growth directly, but also it can affect growth through its impact on public sector fiscal aggregates, government policy, investment, and imports. Gomanee et al. found strong evidence that presence of an aid-investment-growth mechanism existed.

Morrissey (2002) argued that government policies can play an important part in promoting aid effectiveness by trying to enhance the productivity of investment. This also applies to policies that aim to advance government expenditure productivity in the sense that it improves the impact of aid on growth, conditional on the existence of the aid-fiscal aggregates mechanism.

Clemens and Radelet (2003) state that the diminishing returns to aid effectiveness issue has been looked at by many recent aid-growth studies. They argue that the coefficient on the aid-squared term is constantly negative and substantial, which indicates that there are declining returns to aid effectiveness. This finding is very strong as almost all studies report such a correlation, with negative returns developing when the aid inflow reaches somewhere between 15% and 45% of recipient GDP. This is due to limited absorption capacity of recipient governments (McGillivray, 2003). While several studies have showed that aid increases growth, Clemens and Radelet (2003) found that aid has a positive impact on growth up to a certain level/threshold where it starts generating a negative impact afterwards. This finding is relevant to this study in the sense that the amount of aid Jordan receives relative to its GDP is low (2.4 percent), and therefore, the impact of foreign aid on the economic growth in Jordan should be positive. Nonetheless, there has been no empirical research carried out that investigates the effectiveness of aid in Jordan.

Some studies conducted after the year 2000 have disaggregated aid into its different elements in order to examine whether various types of foreign aid impact differently on economic growth (Feeny, 2007). Ram (2004) showed big differences between the impacts of multilateral and bilateral aid. He found that multilateral aid has a negative impact on growth while bilateral aid has a positive and statistically major impact on growth. Cordella & Dell'Ariccia (2003) showed that budget support aid is favourable when donors' preferences are very much aligned with those of the recipient while on the other hand, programmed aid is preferable if they are different.

Clemens et al. (2004) disaggregate total foreign aid into short and long impact and aid factors using data from the Development Assistance Committee (DAC) of the OECD. They found that about 45% of total foreign aid can be categorized as short-impact.

Clemens et al. (2004) also found a positive and statistically major relationship between short-impact aid and growth using panel data averaged over a period of four years. They found that the impact is approximately two or three times larger than in studies that use aggregate aid. Moreover, the impact of aid is found to be not conditional on policies or the quality of institutions (Feeny, 2007).

It is worth mentioning that most of these studies are conducted by either donor agencies or researchers from the donor countries and yet they mostly represent one side of the equation.

Other than factors related to macroeconomic policy, aid effectiveness is contingent upon factors such as donor management of aid, recipient commitment, and the recipient's institutional quality. By looking closely at such elements, this study attempts to fill gaps in the literature related to factors that influence aid effectiveness on one hand and re-examine some related findings in the literature using a comprehensive approach on the other.

2.4 Management of Aid

Brinkerhoff and Brinkerhoff (2005) defined development management as a distinct sub-field of public administration or management applied in developing countries. Development management is aimed at institutional programmes beyond any single institution, requires influence or intervention rather than absolute use of resources to achieve goals, is a course rather than only oriented to task, and includes values and clashes between goals. Tools used for efficient implementation or capacity building are never impartial and bear values and ethics. They argue that development management can recognize this by showing up conflicts between goals and clarifying who is not participating in decision-making, and by explaining its own normative stance. The Brinkerhoffs believe that development management should be people-centred and should promote the capacity of development players to successfully pursue their own development.

The Framework developed by Brinkerhoff and Brinkerhoff (2005) for development management has four aspects: development management as a means to institutional agendas, as values, as process, and as toolkit. They use their four-aspect structure, especially the complexity in reconciling the first aspect with the others, to elucidate a few simple contradictions in relation to what is the right thing to do. Thomas (2007) explains that specific questions concerning the power of international agencies to advance Brinkerhoffs' ideas of 'the right thing to do' over local or national autonomy. He agrees that development management in this regard involves challenges not only over what is the right thing to do but also over what must be the guiding principals or values of development itself.

Thomas (2007) explains that one of the fundamentals of management for development is that it advances development values, which indicates aiming to transform values even though there could be little disagreement about what the development values are or must be. This is applied when managers of development programmes act as agents of internal change and when they externally advance development.

Cooke (2004) criticizes development management as introduced by the development agencies. He argues that, even where concepts like local participation and empowerment are employed in development management, they are used as ways of control and domination by the influential aid agencies that implement projects and programmes that are claimed to be helping the poor and addressing poverty issues while in reality reinforcing international power relationships which uphold serious discrepancies.

Nonetheless, whether the donor's management of aid, imposition of values, and level of involvement have an influence on aid effectiveness remains an important question that is addressed by this study.

2.5 Recipient's Aid Policies and Governance

This is where this research provides major contribution. The foreign aid literature focuses mainly on studies and theories presented by scholars from aid donor countries and from a donor perspective. This research closely examines the impact of aid recipient policies and institutions on the effectiveness of aid. It is conducted by a researcher from a developing country and evaluates aid effectiveness from the aid recipient perspective.

Furthermore, the scope of this research goes beyond the general assessment of the overall policies of the recipient country to the assessment of the individual institution that is receiving and managing the development aid.

2.5.1 Aid and Quality of Recipient Institutions

The key question that stimulates this study as well as many other related aid literature is whether aid effectiveness is influenced by differences in recipient policies and institutions. To answer this question, there are three assumptions:

1. Foreign aid has a positive impact on growth and is not affected by the quality of institutions and policies.
2. The effectiveness of aid is contingent on the institutional environment that directly impacts economic growth.
3. Foreign aid has no positive impact regardless of the quality of the policies and institutions involved.

This study investigates whether the quality of recipient policies and institutions has an impact on the effectiveness of aid, with emphasis on government efficiency, specifically personnel, and effectiveness of the regulatory system. Most importantly, it addresses whether aid project design should take into consideration differences in recipient policies and institutions.

Burnside and Dollar (2000) showed that foreign aid spurs growth in countries with sound institutions and policies, but has less or no impact in countries with poor

institutions and policies. In their 2004 paper they shift the focus from recipient policies to institutions and examine whether institutions improve the effectiveness of foreign aid. They found that the quality of recipient institutions is important in determining the effectiveness of foreign aid. The dataset they used includes a general measure of institutional quality, summarising several features of institutions and policies in a single measure that contains four types of variables: government effectiveness, rule of law, regulatory quality and control of corruption. Devarajan, Dollar, and Holmgren (2001) and Dollar and Svensson (2000) argue that aid has not had a systematic, beneficial impact on institutions and policies.

Burnside and Dollar (2004) used a growth model that included an interactive term of foreign aid and institutional quality. They found solid evidence that institutional quality influences the effectiveness of aid. While literature shows that aid in itself is not considerably linked to growth, the interactive term is, demonstrating that institutions influence aid effectiveness (Hermes and Lensink, 2006).

Ederveen et al. (2006) show that regional assistance in Europe has been more efficient in accelerating the process of convergence in nations with more developed institutions. Acemoglu, Johnson, and Robinson (2001) point out that several economists believe that variations in institutions and recipient policies are an important determinant of the large disparities in income per capita across countries. They argue that there is little agreement about what governs institutions and recipient government attitudes toward economic growth. They indicate that institutions are usually very persistent; however there is historical evidence of considerable reforms.

Bjorvatn and Coniglio (2006) argue that in situations with weak institutions, aid broad based policies, that do not involve inequity among firms, must be chosen, while in situations with good institutions, targeted policies are cheaper in terms of generating industrialization, and in transferring the national economy out of poverty. In areas with weak institutions, providing targeted investment incentives creates rent seeking that crowds out some of the policy impact.

There is some disagreement in the aid literature about the relative importance of different institutions and recipient policies to the effectiveness of aid. This research

does not attempt to identify specifically which recipient policies and institutions are important for effectiveness of aid, but rather it attempts to examine the effect of the quality of the individual institution that is receiving and managing aid on the effectiveness of the intervention.

2.5.2 Aid and the Political System

Svensson (1999) demonstrates that the impact of development aid on long term growth is conditional on political and civil liberties as they provide recurring and institutionalized check on government operations. The degree of political accountability will, to a degree, determine to what extent the additional resources of foreign aid will be used for useful functions.

Svensson (2000a) explains that it has been confirmed that rent-seeking is a major problem in developing countries, to the degree that a rise in government revenues lower the provision of public goods, at the same time as, the expectation of foreign aid may appear to increase rent and reduce productive public spending.

There is additional evidence that the beneficial effects of foreign aid on developing countries are conditional on a steady macroeconomic policy environment (Ramesh et al 1998). Burnside and Dollar (1997) found the ratio of aid to GDP to be an important determinant of growth only in combination with an index of good macroeconomic policy and stability.

Schwalbenberg (1998) assumes that problems associated with the use of development aid are likely to happen in countries with few or no political liberties. He shows that, in such cases, aid can be used to gain domestic support by cutting taxes and supporting elites to get government control. He confirms that such use of assistance can considerably reduce economic efficiency.

Dollar et al (1998), show that foreign aid has a positive impact on growth in a good policy environment but has no impact in a poor policy environment. They suggest that development aid would have a larger effect on growth and poverty alleviation if it

were allocated to poor countries with sound reform programmes. Dollar et al also showed that there is some inclination for multilateral aid to be allocated to poor countries with good policy environments, but no such inclination for bilateral aid. They also examined the dynamics affecting the success or failure of reform programmes supported by World Bank adjustment loans and showed that the outcome for 75 percent of reform programmes can be forecasted successfully with identifying political economy variables.

'Assessing Aid: What Works, What Doesn't, and Why' (Dollar and Pritchett, 1998) created an intense debate about development aid and policy conditionality. Much of the debate focused on the relationship between foreign aid, the role of good policies and growth. Dollar and Pritchett (1998) argue that international aid only works in a sound economic policy environment. However, aid itself can have a strong effect on policy especially when channelled through the government in this way that affects the budget. Moreover, development aid is in many cases intended for investment but investors lose confidence if aid is irregular. Foreign aid could have negative effects on economic performance if it's not stable.

The authors explain that many developing countries 'are subject to economic uncertainties, events that are difficult to predict and that undermine economic performance. Famine and flood are examples of such uncertainty. Drastic price fluctuation is another that can be very unsettling, especially when linked to an export commodity on which a country may be heavily reliant. The greater the shock the greater the potential for negative impact on economic performance. Such economic instability, in turn, tends to attract offers of aid. Thus from year to year aid instability is likely to be greater for countries subject to more uncertainty. Measuring uncertainty is not easy, but aid instability is a useful indicator. Aid instability can affect economic performance in two ways. Firstly, it may indicate that the country is susceptible to economic uncertainty. Secondly, instability can undermine policy and investment. In both cases aid instability tends to be associated with lower rates of economic growth' (Dollar and Pritchett 1998). Main findings include that:

- Uncertainty of aid has a negative relationship with growth, it also decreases aid effectiveness.

- The amount of aid has a positive impact on growth after controlling for the instability of aid receipts.
- The positive impact of aid on growth is caused by the positive impact of aid on investment.

Authors suggest that instability of aid could be a cause of poor policy in the recipient country, countries that are susceptible to shocks are expected to have lower economic growth rates, and stable relationships between the donor and the recipient may improve aid effectiveness.

Burnside and Dollar (1997) examined the direction of influence between aid and recipient government policies. They investigated whether aid produces good policies or whether donors reward good recipient policies. The results indicated that after allowing for variables, good policies and aid were closely associated, expected aid from the World Bank. They argued that whilst aid did not have an immediate effect on policies it did have a positive impact on growth in a good policy environment.

Boone (1996), on the other hand, showed that aid does not notably increase investment and growth, nor reduce poverty, but it increases the size of government. Boone also found that the 'impact of aid does not vary according to whether recipient governments are liberal democratic or highly repressive. But liberal political regimes and democracies, ceteris paribus, have on average 30% lower infant mortality than the least free regimes. This may be due to greater empowerment of the poor under liberal regimes even though the political elite continues to receive the benefits of aid programmes. An implication is that short term aid targeted to support new liberal regimes may be a more successful means of reducing poverty than current programmes' (Boone, 1996, p.26).

Ram (2004) questions the recent influential view that the policies of the recipient country play an important role in the impact of foreign aid on economic growth in LDC. In the first step, the nearly universal practice of imposing the constraint of equality on parameters of bilateral and multilateral foreign aid is relaxed and it is shown that policy has no role in the impact of foreign aid even in those cases where the usual constrained models do show such an impact. In addition, many cases are

noted where there is no sign of recipient country's policies having any role in the impact of aid on economic growth even in the usual constrained specifications. In addition to the Burnside-Dollar policy index, these cases also employ two other broader methods. Ram (2004) showed that there is small empirical evidence to confirm the view that redirecting foreign aid toward countries with sound policies leads to greater economic growth and more poverty alleviation in developing countries.

2.5.3 Aid and the Quality of Governance

Good governance is key for the rapid and sustained economic growth in developing countries. Knack (2001) claims that the impact of good governance is progressive, with some egalitarian effects, and a worst case scenario of neutral effects, on the incomes distribution.

The impact of foreign aid on the quality of governance is generally uncertain in the literature. Some foreign aid programmes are aimed to improve the public finance management, legal system or other areas related to governance. Transferring donor countries' institution systems to the recipient countries through technical assistance has proven to be very difficult (Brautigam, 2000). On the other hand, political will on the part of the recipient country could improve the quality of governance with donor assistance.

Unproductive policies are in some cases intentionally chosen by self-interested authoritarian governments with short-term prospects. However, limited government resources could be a major obstacle for developing efficient legal and institutional systems (Van Rijckeghem and Weder, 1997).

Foreign aid may limit the process of increasing accountability of monarchs to privileged citizens in developing countries, by reducing the government reliance on its citizens for tax revenues. In such case, the recipient government becomes mainly accountable to the donors rather than to the taxpayers (Moore, 1998; Brautigam, 1992). This relates back to moral issues concerning bilateral aid. Depending on their

political and/or economic interests, donor countries retain certain control and power that could jeopardise the sovereignty of the recipient country.

Dollar and Pritchett (1998) argue that donor agencies sometimes hire the best skilled public sector personnel at salaries much higher than those offered by the recipient country's government, thus weakening the institutional capacity of the recipient government bodies. The authors state that when donor agencies undertake programmes or projects that the recipient government would have implemented anyway, development aid can prevent the local government from building its institutional capacity.

2.5.4 Aid Fungibility and Government Budget

Because government expenditure may be fungible, even when development aid is allocated for a specific project or sector there is no assurance that government spending on that sector or project will increase by the full amount of the received aid.

Boone (1994) and Feyzioglu et al. (1998) showed that there is a positive and statistically significant relationship between public investment and development aid. The authors examine links between foreign aid and public expenditure in a sample of 14 low- and middle-income countries over the period 1971-90. Their main findings include the following: a) government spending increases by almost the full amount of foreign aid; b) nearly 30% of foreign aid goes to government capital expenditure and almost 70% to recurrent expenditure; c) there was no evidence that aid's impact on public investment crowds out private investment; and d) concessional loans given mainly by multilateral agencies such as the World Bank and the IMF were more simulative of both total government spending and public investment than was the total foreign aid.

Feyzioglu et al. (1998) compare their findings with Boone's (1994) and claim that the divergent outcomes are attributed to differences in sample selection. In particular, they argue that their use of yearly observations, compared to Boone's use of an average of 10 years, better captures the effects of annual net disbursements of foreign

aid on that period's government budget. Khan and Hoshino (1992) found a significant positive relationship between aid and public investment. Otim (1996) reports major variation in impact between bilateral and multilateral aid in a sample of three low-income countries which are India, Pakistan, and Sri Lanka; a third of bilateral development aid goes to consumption in these countries while multilateral aid increases investment by more than the total amount of aid. This is an important aspect to look at when assessing the effectiveness of foreign aid and the sustainable benefits resulting from an intervention.

A policy of foreign aid that concentrates solely on the funding of aid project might not achieve intended results. Devarajan and Swaroop (1998) show that aid intended for key social and economic sectors often substitutes for spending that recipient governments would have undertaken anyway and the financial resources that are thereby freed up are spent for other purposes. The common ways of evaluating the aid's effectiveness are not really accurate if the foreign aid funds something that would have been done anyway. If development aid funds are fungible and the recipient government's public spending programme is unsatisfactory, project grant may not be cost-effective. If the recipient government's public spending programme is satisfactory, perhaps the donor agency should finance a portion of it instead of financing individual projects. The authors reports that one solution to the problem of fungibility is that donors could tie foreign aid to an overall public spending programme in the recipient country that provides adequate resources to fundamental sectors.

This is related to the important argument in aid literature concerning the relationship between the policy environment and quality of governance of the recipient on the one hand and the impact of foreign aid on the other. The implication of Devarajan and Swaroop's suggested solution to the problem of fungibility is for donors to provide a general budget support or general sector support rather than specific sector support or programmed aid assistance. An important question here therefore arises as to whether donors should support the recipient's public spending programme or target their assistance to certain strategic objectives, development areas, and/or reform initiatives and programmes.

2.5.5 Incentives and Implementation of Policy Reform

Incentives provided by donors could be a way to encourage recipients to improve their quality of governance. By rewarding reformers and withholding aid from those who misuse aid funds, aid could be more effective. But the question remains as to whether donors are willing to put more effort or take the extra step for that matter to ensure greater effectiveness of their assistance.

Svensson (1997) examines two questions using a game theory model in which a philanthropic donor allocates aid according to the recipient need (i.e., how poor a country is?). The questions are: What are donor motives in allocating aid, and how do these motives affect the likelihood that donors will withhold funds when recipients fail to comply with the conditionality attached to aid? In the model he presented, the policies that foreign aid supports, that are contained in stabilization and structural reform programmes, are designed to encourage recipients to take the necessary steps towards sustainable fiscal positions. An ethical hazard problem arises because of the inability of donors to perfectly monitor adjustment programmes.

There are two implications of the model: concessional development assistance is allocated according to recipient needs, and the development aid allocation rule adversely affects recipients' incentives to carry out policies to improve the welfare of the poor. Those implications are tested empirically using equations for aid allocation and three human development indicators (life expectancy, infant mortality, and primary school enrolment). The major determinants of aid were identified to be recipients' need and population. In the estimated equations for the indicators of human development, the coefficient on development aid was not significant in any specification. On the contrary, the coefficient on the trade term was significant in one specification and hardly insignificant in another. Stakeholders in the recipient country might view donor's support to certain policies and reform programmes as foreign imposition and therefore create a risk of adversely affecting the advancement of those policies and programmes.

Svensson (1997) argues that if recipient governments treated aid as an exogenous source of income, then the 'government induced impact on poverty reduction from aid' should be similar to the impact from good terms of trade developments. He interprets the difference in the levels of significance in the approximations as suggesting that there are adverse incentive effects linked with foreign aid which make it ineffective (compared to the effects of an exogenous increase in income from the terms of trade). He suggests a two-prong approach to getting around the ethical hazard problem: the allocation of part of the foreign aid budget to an international agency with less aversion to poverty than bilateral donors, and more use of tied project aid to decrease fungibility. Nonetheless, some bilateral donors might not find the idea of giving part of their aid to an international agency appealing, given their political and economic interest in the particular recipient country. Tied aid could be a good way to reduce fungibility, yet, its advantages and disadvantages as compared to untied aid remains an important issue.

Boone (1996) uses a public choice framework to examine the importance of political regime in recipient countries for the effectiveness of aid. He rejects capital market imperfections as a rationale for providing development aid to poor countries, and also rejects the view that minimum subsistence need explain low saving rates in developing countries. In the framework, politicians finance two activities: productive government expenditure, and transfers to supporters-using either distortionary taxes or development aid. Foreign Aid may also be used to reduce the distortionary taxes. The author considers three alternative political regimes: (i) an elitist regime whose optimal policy is to transfer aid resources to a wealthy elite which backs it; (ii) an egalitarian regime whose optimal policy is to transfer the aid resources to the poor and hence improve poverty indicators; and (iii) a laissez-faire regime whose optimal policy is to use the aid to lower distortionary taxes, and hence stimulate investment and growth.

Analysis of data from 97 countries produces three main findings. First, there was no significant impact of aid on tax proxies or on measures of distortionary policies (e.g., black market premium); thus there was no support for the hypothesis that governments use aid to reduce distortions. Secondly, there was no significant impact of foreign aid on basic indicators of poverty or human development (schooling, infant mortality, primary and life expectancy), suggesting that foreign aid does not benefit

the poor. Thirdly, the marginal propensity to consume foreign aid funds was not considerably different from one, and the marginal propensity to invest aid resources was not significantly different from zero. Noting that virtually all foreign aid goes to consumption, and that it increases the size of government but has no significant impact on human development indicators, Boone (1996) comes up with a conclusion that the model forecast for an elitist regime best fit the data. He explains that the lack of impact on poverty reduction is partly due to the fact that foreign aid does not introduce incentives into recipient countries for policies that would improve the indicators of human development. This is also linked to the strategic interests of the donors, and thus it would make more sense for bilateral donors to be focused on policies related to their strategic interests such as economic reform and governance.

2.6 Aid Performance of Donors

According to the Burnside-Dollar measure (1997), donor countries that focus on development aid to poor countries are prone to give more of their income as foreign aid, but are less likely to choose recipient countries with sound policies. Easterly (2002b) argues that most of the untied aid is given by donor countries that relatively give large amounts of foreign aid.

Easterly (2002b) suggests that there are significant differences across donor countries on the quantity and quality of foreign aid. The best donors in terms of overall performance are Denmark, Sweden, and Norway, and the worst are Greece, Spain, Italy, Portugal, and the U.S. The author believes that ranking the donors in this way implies a lot of value judgments that may or may not be supported by evidence, such as the hypothesis that per capita income and Burnside-Dollar are good measures of how deserving the recipient countries are, or how effectively they can use the development aid, that aid tying is something that could be avoided and yet continue to preserve the current level of foreign aid, and that aid money has positive effects on the recipient countries. Selection of recipient countries according to their quality of governance and policies is negatively linked with indicators of good donor performance.

Dudley and Montmarquette (1976) believe that commitments better indicate donor policies as the absorptive capacity of recipient countries are limited which explain any shortfalls in disbursements. Rodman (2004), on the other hand, argues that commitment-disbursement deviation could reflect bottlenecks on either side of the relationship between donors and recipients. If they are large and enduring, they may reflect a trend of certain donors to promise more than they could actually deliver, or a failure to learn from past experiences that certain recipient countries cannot absorb foreign aid as fast as donors hope. The authors believe its best not to reward donors for over-promising foreign aid or underestimating the capacity to absorb it. There is a tendency for the recipients to welcome the extravagant gesture or good intent, but the research here demonstrates how important is the attention to detail and sensitivity to the people involved.

'Regressions on data from 1948 to 1979' examined by Lundborg (1998, pp.127-129) show that 'the US and the Soviet Union used foreign aid to stimulate international political support from the receivers of aid and that aid receivers allocated their political support to stimulate aid from these donors. The regressions are based on a game model in which aid donors provide aid to reach foreign policy goals and in which aid receivers in return give political support to the donors so as to raise foreign aid'. This is in a theoretical model based on pasty policies or the arguments between ministries for the distribution of a budget. 'With foreign policy ambitions, aid should be given to the countries with low GDP levels, while if altruistic considerations determine aid, countries with low levels of GDP per capita should be the beneficiaries'. Lundborg (1998, p.127) points out that 'since foreign aid to some extent was the result of cold war rivalry, the changes in international relations that occurred with the fall of the Soviet Union, should lower total foreign aid'.

Knack and Rahman (2004) provide a formal analysis and empirical evidence showing that competitive donor practices, where there are a number of small donors and no dominant donor, grind down operational capacity of the governments of recipient countries. In such case, each donor acts to maximize performance of its own projects in order to show results, and reduce requirements of the public sector human and organizational infrastructure essential for the country's long-term development. The authors show that bureaucratic quality suffers where foreign aid is fragmented more

rigorously across donors. Informal tests of reverse causality show that causation runs from fragmentation to lower quality. Each case study demonstrates the differences between the donor governments as if their separate international competition were also played out in the country that is receiving aid.

Knack and Rahman (2004) argue that even if donor practices play a role in reducing bureaucratic quality, it does not necessarily mean that overall foreign aid is counterproductive for development. The use of human resources by donors, though sub-optimal, may in some cases be more efficient than the government's use of them. The authors believe that donor practices produce less harmful side effects when donors have a bigger stake of the foreign aid market in a recipient country or when they are more motivated more by pure development interests.

Agreements between recipient governments and donors are essential on codes concerning salary and benefit levels, recruitment, and the use of government officials for part-time work. Cohen and Wheeler (1997) recommend finding ways to tailor training to develop specified skills directly related to responsibilities within a ministry or government department, without awarding academic credentials that facilitate mobility. The authors suggest decreasing pay disparities by reducing overstaffed lower grades, and using savings to raise upper level salaries, taking into account the potential for political resistance as overstaffing lower grades is a main source of gaining public support. In principle, the current study agrees with this argument. However, as explained elsewhere in this research, Jordan has a high potential for political resistance to downsizing the government's human resources, especially in the light of the fact that the government of Jordan is the biggest employer in the Kingdom, and that the employment system, in many aspects, is based on social and political considerations; thus, such a solution would not be feasible for Jordan. The current research seeks to identify other possible solutions to this problem.

Knack and Rahman (2004) argue that agencies under less political constraints to demonstrate visible results should take on more responsibility for technical assistance in developing policymaking, budgeting, and administrative systems that are in many cases jeopardised by combined action failures among donor agencies. If the capacity of the recipient government is built, the different donors might respond to pressures

from the UN to pool funds in the form of budget support. If budget support is bundled with complex management requirements by donors for profound reform, the main benefits may come in the form of strengthening government capacity (OECD, 2003). Once the capacity of the recipient government is built and is functioning properly, one would wonder whether aid is still needed, as it is assumed that a well functioning government that implements good economic practices should be capable of achieving growth and prosperity for its people without foreign assistance.

Donor agency staff ought to be focusing on country-level indicators rather than only on project-level indicators (Whittington and Calhoun, 1988). This much is generally agreed. In order to successfully implement high-level decisions and to use more development-friendly foreign aid approaches, incentives for donor agency staff need to be changed, taking into account written performance evaluations from government counterparts (Whittington and Calhoun, 1988).

Knack and Rahman (2004) suggest that bigger donor responsibility for broader results of a country's development programme could be improved by officially designating a lead multilateral or bilateral donor agency that would have a superior standing in the country's overall development achievements. Recipient governments often call for better coordination among donors. Knack and Rahman (2004) suggest an alternative option to specializing among countries, where donor agencies could specialize by sector. As this thesis demonstrates, multilateral donors already try to specialize to a certain degree, with the regional development banks concentrating geographically and many UN agencies and the IMF specializing by sector. Some bilateral donors also specialize by sector or geographic area, for example Japan focuses its foreign aid in the Pacific and East Asia, and on economic and infrastructure sectors, while European donor countries concentrate more on Africa, and on social sectors and human rights and governance.

Svensson (2000b) stresses the critical issue of commitment in foreign aid policy. If the donor agencies can enter into a binding policy commitment, foreign aid may alleviate the incentives for social groups to undertake rent-seeking activities. Nonetheless, a regime change like this would require a development aid policy that provides more assistance in the short run to recipient countries in less need, and a

reduced amount of foreign aid to those in most need. Neumayer (2004) demonstrates that developing countries with low per capita gross domestic product (GDP) and low scores on indicators such as infant mortality, life expectancy, and literacy, are more likely in need of development aid, but are also less likely to fulfil economic and human rights. For most bilateral donors, allocation of aid is not dependent on the recipient needs, but rather on the donor's interest. The effectiveness of aid is greater in countries with good governance and economic policies and it is appealing for donors to put their money where it makes greater impact.

2.7 Donor Policies

A number of studies have concluded that the impact of foreign aid on economic growth and infant mortality is dependant on perceived gaps in institutions and policy (Dollar and Pritchett, 1998; Burnside and Dollar, 1997, 1998). Analysis which sort foreign aid by source (e.g. multilateral vs. bilateral) could offer more insight into the exact mechanisms by which foreign aid appears to undercut the quality of governance (Brautigam and Botchwey, 1998; Moore, 1998).

Halonen (2004, p.5) examines the 'allocation of foreign aid to various sectors in a recipient developing country. Donors tend to favour social sectors over other public expenditure programmes. Due to incomplete information, donors may concentrate too much on priority sectors, leaving lower-priority yet important sectors lacking funds. Alternatively there may be gaps in services in priority areas because of the information problem'. The author argues that 'the more similar preferences the donors have, the more scope there is for coordination failure. Therefore improving information is particularly important when the parties have similar priorities. A joint database on planned projects and budget allocations in each recipient country would provide such information'. 'Such databases should have both information on present projects and advanced information on the planned activities needed to improve aid coordination' Halonen (2004, pp 1-6).

King and McGrath (2004) argue that knowledge is understood in various ways that are often conflicting. They stated that the largest part of funds in most of the

development agencies, that adopted knowledge approach, was devoted to internal knowledge management; GTZ has developed internal database and other technological initiatives, while intranets were imperative for DFID.

Brautigam (2000) conducted a case-study to examine the experience of high-aid recipient countries with deteriorating institutional quality, examples Guinea-Bissau, Burkina Faso, and Somalia, in addition to development aid successes in countries like Taiwan and Botswana. The analysis of this study introduces a number of policy approaches. First, a big share of foreign aid could be tied or committed to development in the quality of governance. This approach was supported by the Meltzer Commission's report presented to the U.S. Congress on reforming the World Bank, IMF, and other international financial agencies (International Financial Institution Advisory Commission, 2000). Brautigam (2000) supports more selectivity by donors, allocating foreign aid to countries that take serious actions to improve its quality of governance.

Bauer (1984) suggests that donors should identify means of depoliticizing the allocation of rents from foreign aid resources. Selective distribution of foreign aid would decrease its tendency to politicize life, and hence decrease the intensity and extent of political dispute. The question remains whether the donor is fully aware of what the recipient needs. Looking from a distance rather than being caught up in the daily arguments and struggles, the reality of political life, it might seem easier to make broad arguments. This very simplicity of approach, whilst attractive, can lead to unexpected consequences.

2.8 Allocation of Foreign Aid

This section looks at the criteria that donors use in allocating aid as evident from the outcome of empirical studies on the causes of aid allocations. The important question addressed in this section is related to the degree to which the broad implementation of a selectivity policy is viable given allocation preferences.

Dollar and Levin (2004) examined the allocation of foreign aid by 41 bilateral and multilateral donor agencies. Their index of policy selectivity measures the extent to which a donor's development assistance is directed to countries with good institutions and sound policies. The index of poverty selectivity looks at how well a donor's development assistance is targeted to LDCs, as measured by the popular Kaufmann, Kraay, and Zoido-Lobatón index (World Bank 2003). The authors' main finding is that the same group of aid agencies that are very policy focused are also very poverty focused. Based on the fact that aid works best in a good policy environment and that aid to poor countries has more impact on per capita income, it seems sensible for donors with less strategic interests to seek better impact of their development assistance by allocating aid by both policy and poverty. The group includes the World Bank's International Development Association, the IMF's Enhanced Structural Adjustment Facility, Denmark, the UK, Norway, Ireland, and the Netherlands. They found that some large size donors such as the U.S. and France are not specifically selective. Japan is ranked high on the policy selectivity index but low on the poverty selectivity index. This is due to its policy of giving large amounts of development aid in Asia to countries that have good governance but in many cases not poor. The authors found that between 1984 and 1989, aid was allocated without any consideration to democracy or quality of governance, whereas in the 1990s there was a strong relationship between development aid and quality of governance.

Easterly (2002a) argues that a significant determinant of effectiveness of foreign aid is which country the foreign aid is given to. Some developing countries are in need of development aid more than others; some can utilize it better than others or provide an environment in which it will be more profitable. There is little empirical consensus, however, on what basis in particular donors should select their recipients (Roodman, 2004). Radelet (2004) argues that the type of foreign aid should determine how donors allocate aid among countries.

Schraeder, Hook, and Taylor (1998) found a widespread bias in favour of small countries, in the sense that the flexibility of aid receipts with respect to population is less than one. This is partially attributed to the fact that aid has more impact on GDP in small countries. The main approach to determining selectivity is the use of cross-country regressions to describe aid allocations of donors as a function of recipient

features and conditions indicating geographic and political importance such as military expenditure or oil exports, commercial value, and development need and potential (Collier and Dollar 2002; Birdsall, Claessens, and Diwan 2002, cited by Roodman 2004). Generally, bilateral donors seem to have been less responsive to recipient need than to geopolitical and economic concerns. Fragmentary evidence indicates that multilateral donors have been opposite following an approach to the bilateral donors. Donor countries account for their economic and political interests when they plan their aid allocations, as aid is often used by those countries as a tool for supporting and maintaining political and economic dominance.

Roodman (2004) states that the cross-country regression method to measuring selectivity is theoretically consistent, but it might be faced with methodological challenges that could be avoided with a simpler approach. If a donor's foreign aid allocations fail to link to the selected variables via the chosen functional form, the results may not be meaningful. The author raises a question of whether assessment of selectivity should be from donors' receptiveness to non-development concerns. Controlling for non-development purposes gives a better picture of the effects of a hypothetical change in an indicator of recipient potential for progress.

Jordan, a middle income country, receives large amounts of foreign aid due to its geopolitical importance. Donor countries that have strategic interests in the region are the main donors to Jordan, and therefore the above mentioned selectivity indices do not, largely, apply in the case of Jordan. Dollar and Levin (2004) estimate the flexibility of a donor's aid allocation with respect to the recipient's income and quality of governance. They use a regression without controls for geopolitical or commercial interests. Another approach to evaluating selectivity was introduced by McGillivray (1989, 1992, cited by Roodman 2004). It is more empirical, avoiding any attempt to model disbursement procedures or estimate minor effects, and lends itself more naturally to producing an index that reflects quantity and selectivity. Rao (1994, 1997, cited by Roodman 2004) argues that donors could maximize their ranks on McGillivray's index by focusing all their foreign aid in a single poorest country. But this would prevent poor countries from getting a fair share of the international aid pie, unless proper donor coordination programmes are developed to ensure equal opportunities across the board.

2.9 Against Foreign Aid

Paul (2004) argues that U.S. foreign aid does not help the poor; it helps foreign elites and U.S. businesses who obtain the contracts given out by those foreign elites. Development aid funds, usually, distorts foreign economies and supports bad governments. 'No amount of money can help countries that reject property rights, free markets, and the rule of law. In developing countries that pursue good governance and sound economic policies, foreign aid funds are not needed as the international markets will provide the investment capital necessary for economic growth. This capital will be invested according to good investment strategies designed to make a profit rather than allocated according to the desires of government bureaucrats'. Bovard (1986) explains that foreign aid programmes have been perpetuated and expanded not because they have succeeded, but because giving foreign aid still seems like a good idea. But foreign assistance has hardly done anything that countries could not have done for themselves. And it has repeatedly encouraged the recipient governments' worst trends helping to underwrite programmes and policies that have starved thousands of people and derailed deteriorating economies. Empirical evidence shows that there is no relationship between foreign aid and economic growth, and therefore, many theories that argue that aid has a negative impact on growth were difficult to be proved wrong.

2.10 Conditionality and Tying Aid

Most bilateral donor agencies tie part of their development aid. Tied aid requires the recipient countries to spend the aid money on goods and services from the donor's country, which in return reduces recipient governments' freedom to seek unlimited full and open competition for the aid implementation contracts. Jepma's literature survey (1991) found that tying aid increased the cost of aid projects and programmes around 15–30 percent, which suggests that tying aid decreases the value of foreign aid by 13–23 percent.

Roodman (2004) explains that the donor-funded Development Assistance Committee (DAC) tying statistics divides aid commitments into three tying status groups: 'untied, tied, and partially untied. Partially untied aid comes with restrictions, but ones that are looser than those of tied aid'. By definition, partially untied aid is subject to the restriction that it must be spent on goods and services from the donor nation or developing countries, or else is restricted to be spent on goods and services from developing countries only'. Theoretically, 'the approach taken to penalizing tying is simple. Tied aid is discounted by 20 percent (a round number in the 13–23 percent range) and partially untied aid by half that, 10 percent. No attempt is made to account for unreported, informal, de facto tying that may often occur within long-term relationships between donors and recipients' (Roodman, 2004, p.13).

Svensson (1997) looks at the policy of foreign aid from a principal-agent perspective. He finds that 'one reason for foreign aid's poor overall record may be a moral hazard problem that shapes the aid recipient's incentive to undertake structural reform. The model's basic prediction is a two-way relationship: Disbursements of foreign aid are guided (in part) by the needs of the poor. Anticipating this, recipients have little incentive to improve the welfare of the poor'. The author believes that 'conditionality could partly solve this problem, but only if the donor can make a binding commitment to increase disbursements in good relative to bad states. Without such a commitment technology, aid disbursements remain guided by the needs of the poor and recipient countries maintain a low effort to reduce poverty' (Svensson, 1997, p.21).

Svensson (2000b) argues that concessional foreign aid may influence policy in the recipient country even without any technical or financial resources really being disbursed; entailing that the evaluation of project and specific sector assistance may overvalue the overall impact of foreign aid. Depending on the kind of policy reform conditionality imposed by the donor, concessional aid could have either a positive or a negative impact on the recipient country as a whole.

Quite the opposite, multilateral aid conditionality threatens to weaken democratic prospects for developing countries as it could cause social discontent that create divisions in the society (Burnell, 1997). This is well captured in the Egypt example, as the 1977 demonstrations following obligatory economic restructuring led to severe

suppression by the military and the appointment of more authority to then-president Sadat's supporters in the executive elite (Friedlander, 1983).

This is also demonstrated in the example of Jordan. As a result of signing the peace treaty with Israel, Jordan received large amounts of foreign aid. Consequently, the political reforms aimed at democratization were reversed and previous regular parliamentary elections were continuously postponed for several years since 1997 (Brynen, 1998). The effects of aid can be unforeseen. One can argue that there is no such thing as a completely free 'gift' in terms of aid. 'Conditionality' can be implied and it can be unforeseen. The ties are subtle even if unintended.

King and McGrath (2004) argue that the policy advice linked to structural adjustment was connected with the growth of conditionality. They point out that instead of trying to adopt a contextually grounded process of learning with counterparts, donor agencies attempt to prescriptively transfer knowledge based on their own universalizing theories. They argue that aid transfer with conditionality is an impediment to the donors' attempts to move into a more balanced knowledge relationship with recipients. 'Although the language of partnership has been accorded more importance, the language of conditionalities remains in new forms, such as the International Development Targets' (King and McGrath, 2004, p. 44). Conditionality is a critical issue when it comes to the relationship between the donor and the recipient. It is a powerful tool in the hands of the donor especially when the amount of aid is large. Recipients are willing to compromise and accept conditions that could be harmful in some respect in order to secure the funds. Nonetheless, it is up to the donor to determine whether to engage in a symmetrical knowledge relationship with the recipient or impose conditionality.

2.11 Highlights of Gaps in the Literature Filled by the Research

The literature on foreign aid tends to look at relationships between donor and recipient in a holistic manner. It provides evidence for the perhaps predictable conclusion that stable donor-recipient relationship may improve aid effectiveness. This research separates and analyses in detail the different aspects of donor-recipient

relationship and the extent of the impact they have on the effectiveness of aid. It examines donor-recipient relationship and coordination in planning, policy, management and at implementation levels. It also takes account of the external factors that affect the relationship. The stated intentions of donors always sound impressive and have to be endorsed by the recipient, but there is a gap between those and the outcomes. It is the actual experience of those involved in the whole process, and the impact of small things on the whole that count.

With regard to high-aid countries with deteriorating institutional quality, literature suggests that in order for foreign aid to be effective, a bigger portion of the aid should be tied or dedicated to improvements in the quality of governance, and in so doing promotes greater selectivity by donors. This study asserts that aid can be effective in a poor policy environment and where the quality of governance is low, provided that donors introduce carefully-tailored project design and delivery mechanisms that take into consideration the recipient country's institutional constraints.

The findings of this research confirms, to a certain extent, the general literature findings in showing that the more the donor is involved in project implementation, the better the results and likelihood of success. This is not surprising. But the previous literature does not always look directly at the correlation between the institutional quality or capability of the recipient and the involvement of the donor in the implementation of aid projects (See page 275).

In the same way that it does not examine the nature of the relationship between institutional capability and donor involvement, the literature also does not touch on the link between the nature of a particular development project and the level of donor's involvement in the implementation. This research discusses this issue and investigates the linkages and the importance of a donor's reliance on local expertise in relation to projects of a social and cultural nature and that involve civil society.

Except for reports from the World Bank and occasional comments from some donor agencies, there has been limited research on foreign aid to Jordan. This study goes some way towards filling this gap. It looks in detail and specifically at aspects of aid provision which are considered of key importance by those directly concerned in

planning and in implementation both on the side of the donor and the recipient. It seeks to go beyond the existing theories of development as presented by official reports and generalised research literature and to probe the realities of aid provision and effectiveness within the context of one particular developing country.

Research on aid effectiveness is both complex and has changed over time. There was a common perception in the 1990s that foreign aid was ineffective at stimulating growth in developing countries. However, Burnside & Dollar (1997, 2000) greatly stimulated the aid effectiveness argument. They showed that aid is effective in countries with sound policies but has little impact in countries with bad policy environments. A number of studies that were influenced by Burnside & Dollar's findings argued that aid is effective regardless of the policy environment (Hudson & Mosley, 2001; Dayton-Johnson & Hoddinott, 2003; Moreira, 2003). Some recent studies have addressed a number of factors that impact the effectiveness of foreign aid such as the degree of democracy, structural vulnerability, aid transmission mechanisms and trade shocks. King and McGrath (2004) highlighted the significance of knowledge-based aid, while Morgan (2005) emphasised the importance of the cultural considerations of the aid recipients. Thomas (2007) and Brinkerhoff and Brinkerhoff (2005) studied different aspects of aid management. They argue that development management is aimed at institutional programmes beyond any single institution, and that one of its fundamentals is that it advances development values.

Foreign aid effectiveness is a complex field that requires extensive and careful examination of the aspects that influence aid, and utilisation of appropriate mechanisms to measure effectiveness, in order to be able to draw sound conclusions. There is very little direct evidence which links development theory with detailed practical examination of aid projects. Aid literature is invariably weighted heavily by evidence which originates with and is interpreted through donor perceptions. This study provides a balanced analysis of four initiatives taking account of both donor and recipient expectations, experiences and assessments. It assumes that aid can be effective in poor policy environments, and examines the different factors that impact the effectiveness of aid in such environments which were not mainly addressed in the literature. It also examines development management as applied to individual aid recipient institutions.

Chapter 3

Methodology of Research

3.1 Introduction

Recent studies of policies of foreign aid have found that the direction of bilateral aid is determined by political and strategic considerations, much more than by economic needs and the policy performance of the recipients (Alesina & Dollar, 2000).

In addition to its commitment to assist people in developing countries to alleviate poverty, poor health, and ignorance, many donor countries believe that individual liberties, economic growth, and security of their people are best sustained and enhanced in a community of countries that respect individual civil and economic rights and freedoms and that work together to utilize wisely the world's limited resources in an open and fair international economic system.

However, development is mainly the responsibility of the people of the developing countries themselves. In the recent years, donor countries have inclined to manage their foreign aid in a collaborative manner to support the development goals chosen by the country that is receiving the development assistance. They tend to give high priority to activities submitted by recipient governments, which directly improve the lives of their people and their capacity to actively participate in the development of their countries, while also helping such governments improve their planning, technical, and management capabilities required to insure the success of such endeavours. There have been also many cases of the government favouring aid that supports their policies and popularity. However, identifying the factors and incentives that drive the recipient government to commit to the success of the aid intervention remains an important issue.

Bilateral aid is the favoured means of assistance by both donors and recipients. It usually includes a large grant component which is preferred by recipient governments. Unlike multilateral financing, bilateral aid does not include much rigorous

conditionality. For donor countries, bilateral aid gives them a direct window for influencing recipient countries in areas such as trade, investment and defence. The research looks at bilateral aid as it combines interests of two countries. It scrutinizes factors affecting aid efficiency resulting from the differences of interests in the light of both donor and recipient's measures of success.

This research studies aid policies as applied by both donor and recipient governments. It examines the impact of donor-recipient relationships, differences in interests, and conditionality rules on aid effectiveness. Based on this analysis, the research seeks to identify appropriate policies and practices for both donor and recipient for utilizing aid, based upon the Jordanian experience. The research has selected four case studies from Jordan, based on each of four areas of development need identified by the World Bank.

As an analytical framework for the purpose of this study, the research has adopted the World Bank's Country Assistance Strategy for Jordan, which identifies Jordan's areas of development need. The World Bank is an independent agency and is considered the most authoritative international body for providing performance indicators and identifying necessary structural reforms and development strategies for developing countries. It is the biggest single financier of development projects in the world and plays a key role in the global economy. It is now works in more than 100 developing economies, bringing a blend of finance and technical expertise to meet its targets of improving living standards and alleviating poverty.

For each of its clients, the Bank works with government agencies, non - governmental organizations, and the private sector to devise assistance strategies. It has country offices worldwide that deliver the Bank's programmes. One of its important additional roles is to conduct research and collect data for research purposes. The World Bank is owned by more than 184 member countries whose views and interests are represented by a Board of Governors and a Washington-based board of directors. The Bank uses its highly trained staff, and its extensive knowledge base, to identify the needs of each developing country.

The World Bank deploys services and products to help Jordan address its development priorities. The services and products include non-lending assistance (policy dialogue, strategic advice and economic and sector work) and lending. World Bank programmes are guided by Country Assistance Strategy that is related to and consonant with Jordan's development priorities outlined in a series of five-year economic and social development plans. The Bank prepares a full set of due-diligence Economic and Sector Work for Jordan: public expenditure review, poverty assessment, country economic development policy review, and sectoral reviews. Jordan has implemented wide-ranging and complex structural reforms based on World Bank recommendations. For these reasons the World Bank is considered the most authoritative source for providing the structural criteria for project selection.

Jordan is a middle-income country with a small domestic market and limited natural resources. Recognizing its important role in the Middle East, Jordan receives substantial official development assistance from various donors. This reduces pressure on the fiscal deficit and allows the government to maintain expenditure on health and education. Jordan is considered by the World Bank to be one of the developing countries that enjoy a good policy environment that favours aid effectiveness. This is also an incentive to other donors, as their operations in Jordan may be expected to have a high impact (World Bank, 2003a).

Foreign aid to Jordan has increased rapidly over the past 10 years. However, Jordan has not been able to invest and utilize foreign aid in a productive way across all sectors. This is demonstrated by the ongoing deficit in the fiscal budget. Contributory factors, though outside the control of Jordan, have been the Arab-Israeli conflict, the 1991 Gulf War and the situation in Iraq, which have hindered the most effective use of foreign aid (Nsour, 2000).

Jordan made good progress in meeting the Millennium Development Goals especially in primary education and reduction of child mortality. The Millennium Development Goals identify and quantify specific gains that can be made by 2015 to improve the lives of the poor. The aim is to reduce poverty while improving health, education, and the environment.

Jordan has unique characteristics that contribute to the amount and types of foreign aid it receives. The overall policy environment that favours aid effectiveness, the geopolitical situation, and the limited natural resources, all of which have encouraged donors to favour Jordan among other countries for aid assistance.

The outcomes of this research could be relevant (in some respects) across a range of middle-income developing countries with limited resources and where the overall policy environment favours aid effectiveness. However it is also important to recognise that for Jordan, as for all developing countries, factors exist which may influence in unique ways various aspects of the donor – recipient relationship.

3.2 Methodology of the Research

Because of the objectives set for this research, it was clear that a detailed examination of aid projects was the preferred source of data. However, individual aid projects are in a sense holistic. The way they proceed depends on the nature of the project itself and the way it is administered. The case study is the only approach which fully retains context and is able to measure process directly against results. It is also recognised as being remarkably useful for studying the why and how questions (Yin, 1994). Bell (1987) argues that the case study approach gives an opportunity for one aspect of the issue to be examined in some depth and can be used as a way of discovering important matters which merit further examination.

However, the case study method of research has many challenges: it is time consuming, requires proficient interviewer, attention is essential in drawing general conclusions from limited number of case studies and in ensuring accurate outcomes (Karlsson, 2002). One of the problems with the case study method and a potential danger in their use is the issue of representation as it allows the researcher to make generalised conclusions based on analysis of limited number of cases. Unless researchers are meticulous about the selection of case studies, they could run into difficulties over the kind of that representation.

The advantages, on the other hand, are that the results of case study-based research can have great impact that can lead to original and innovative insights, development of new theory, and have high legitimacy with practitioners who are likely to be the ultimate users of research (Yin, 2003). This is mainly due to the fact that case study-based research is unrestricted by the strict limits of questionnaires and models. The validity of this kind of research can also be increased through triangulation with several data collection methods (Silverman, 2004).

Case study-based research enriches not only the study, but also the researchers themselves. By conducting the study in the field and being subjected to actual problems, the insights of individuals at all levels of institutions, and the diverse circumstances of cases, the researcher will personally learn from the process of conducting the study. Progressively more international new ideas are being developed, not by academics that are distant from the field, but by those working closely with various case studies (Karlsson, 2002).

Robson (1997) argues that multiple case studies are 'not concerned with statistical generalisation but with analytic generalization'. The first case study or pilot study provides evidence that supports a theoretical perspective about what is taking place in terms of the contexts and procedures in which they operate. This theory directs the selection of subsequent cases (Robson, 1997, p.183).

Meredith (1998) lists three key strengths of case study method of research:
1. The event or experience can be examined in its natural setting and related theory or finding drawn from the understanding acquired through monitoring actual procedure.
2. The case study method tolerates the questions of why, what and how, to be answered with a reasonably complete understanding of the complexity and nature of the whole observable fact.
3. The case study method offers early investigations where the variables are still unspecified and the event not comprehended.

In order to fulfil the research objectives, a case study-based methodology was therefore selected with the following stages:

1. A pilot study that involved the collection of sample data principally through unstructured interviews and review of documents, followed by the analysis of this data. An unstructured interview is an informal discussion that has no strict guidelines, allowing the discussion to be open and not necessarily concise in its nature.

2. On the basis of the pilot study:

   - determination of the number of case studies to be undertaken;
   - selection of the projects to comprise the case studies;
   - identification of key aspects in project planning and management structure;
   - confirmation of the types of documents to be studied, the schedule of questions for interviews and the selection of appropriate respondents;
   - A broad prediction of problems that might be anticipated in connection with the research.

3. The collection of case study data according to the criteria established by the objectives and refined by the pilot study.

4. An analysis of the case study data through

   - an analysis of each individual project;
   - a cross-project analysis.

5. The advancing and justification of conclusions, recommendations, and implications based on the evidence.

3.2.1 Pilot Study

Pilot studies play an important role in research as they allow for testing and then developing more sophisticated and research-centred questions (Sapsford and Jupp, 1996). The pilot study was conducted in such a way as to inform the main study and facilitate the design of the research instruments. It identified appropriate projects for the case studies and determined the structural approach. It included collecting documentary data from donors and recipients, and conducting interviews.

In the case of this research the pilot study employed unstructured interviews as the best means for identifying the broad scope of policies and a general understanding of

aid project planning, design and implementation processes, and to confirm that all relevant issues were included within the main study. There is a reason for unstructured interviewing with some managers since they are able to employ implicit experience based on broad knowledge of their own institution when they opt for unstructured interviewing (Oliveira, 2000).

The insight gained from these interviews was then used to plan the structured and semi-structured interviews that provided the detailed data required.   In the development of the schedule of interview questions the piloting was critically important to ensure a comprehensive and accurate content (Robson, 1997). The pilot provided information not only on question content, but also upon the context of the interviews and on nature and completeness of the responses obtained.

It was rapidly apparent that a slight change in wording had an enormous effect on the responses received (An example is: How does the project serve the overall objectives of your organization? was changed to: How does the project serve the overall objectives of your country? as the organization's objectives are clearly stated in the documents).

Also eliminated at this stage were unproductive questions. The pilot study provided practical information on issues such as timetabling, for example how long it typically takes to complete an interview and which questions are most time consuming. At this stage it was also possible to explore issues of reliability. Issues of validity were addressed through the response patterns on specific items (Bell, 1999).

Although not its principal purpose, the pilot study helped confirm the criteria for project selection based on the World Bank's country assistance strategy for Jordan. It provided insight into the relevance of these priority areas for Jordan and confirmed that were based on relevant research and extensive dialogue and coordination with Jordanian authorities. Also revealed was the powerful effect of the World Bank's structural reform programmes, strategic advice and development recommendations on the direction of Jordan's development policies and practices.

The pilot study helped determine the number of case studies to be undertaken by the research and it mainly helped modify the focus of the thesis. The pilot study found that it is best to select one project for each development priority area identified by the World Bank as the time needed for completing each case study allows only for conducting a limited number of studies, and hence four case studies were selected for the purpose of this research.

The pilot study examined thoroughly the project planning process and management structure and identified the key aspects for the use of the main study, such as donor-recipient relationship, recipient' capacity and donor's involvement in implementation.

The scope of the pilot study was broad to allow for capturing all aspects of the project in order to determine the key areas of study. It helped determine the documents produced by the donors and recipients to be considered for the main study. It also helped to reduce the number of respondents by selecting the most appropriate ones for the study, narrow down the broad range of questions and determine structured questionnaires.

The pilot study assisted the main study in predicting difficulties and in finding most effectives means for addressing problems that could arise during the research such as alternatives for the unavailability of documentation produced by the recipients, which was addressed by adding additional questions that aimed at collecting data on the recipient's objectives and development policies.

Because of the extent and time investment necessary for the pilot and because of the useful results as well as the consistent information it afforded, it was decided to retain its findings within the main body of the research. Its role, therefore, became one of informing the other case studies so as to allow a more structured and thus more streamlined interview approach and a smoother and faster selection of the relevant documentation. The study that was selected for the pilot was the most limited of those included.

The pilot also has a more extended role. In order to refine the study approach as well as the data collection instruments, not only the documents and interview content, but

also the strategic approach was tested to insure that the best documentation, correct schedule of questions and key personnel were selected.

The project chosen for the pilot study was the Petra Stone Preservation Project. It is funded by GTZ, and executed by the Department of Antiquities of the Jordanian Ministry of Tourism and Antiquities. The project supported Jordan in the establishment of an independently functioning conservation and restoration centre in Wadi Musa, entirely operated by Jordanian personnel, who were trained to plan, execute and supervise conservation and restoration work on the Petra monuments.

Data was collected through interviews and project documentation. The documents available were prepared by GTZ. These included: German aid programming policy, GTZ's development policy on Jordan, the project document, official letters, memoranda, and some archival records.

People interviewed included: the GTZ project director, the GTZ project coordinator, the Petra project director, current and previous directors of the Department of Antiquities, the director of the Institute of Archaeology and Anthropology at the Yarmouk University, the Vice President of the Hashemite University & founder of the Petra database project, a number of Jordanian restorers who were trained by the German experts and German restoration experts.

3.2.2 Sampling and Data Collection

In this research, oral and written representations and records of human experience are studied. The approach is essentially qualitative and focuses on, and analyses, causal processes. To some extent the qualitative approach in general and this research in particular is constrained by limits on generalisability, and difficulties in validating information (Silverman, 2004).

The research is designed to gather certain types of data; therefore the case studies chosen for the research were selected by the technique of purposive sampling so as to be able to investigate the impact of donor and recipient policies and practices on the

effectiveness of the aid. Purposive sampling is a recognised method and is particularly appropriate for extracting the sort of information required for this study. The assumption underpinning the research approach is that a great deal can be learned from the intensive study of a few cases, and thus the techniques used are driven less by concerns with statistical significance and representativeness than by a concern with the internal characteristics of particular projects (Cohen, 2000; Carvalho & White, 1997) (See page 93).

The sampling strategy must provide an efficient means to answer big questions with a comparatively small group of people (May, 2002). In the case of this research the aim was to investigate aid policies, practices and management, mainly through the experience of the people involved in planning, design and implementation. The research used two principal sources of evidence for each case study, namely documentation and interviews.

Table 3.2.2 Links between Research Objectives and Questionnaire

Research Objectives	Research Questions
Analyze aid policies and delivery mechanisms in the light of their philosophy and stated objectives as applied by bilateral donors.	Questions for Donors • Please describe your general development policy. • On what basis your general policy was set? • How does your foreign aid programme benefit your country? • Why does your country continue to engage in supporting middle-income countries? • What is the influence of your stakeholders on the development policy? Who are your stakeholders? • Please describe your policy on Jordan. • On what basis your policy on Jordan was determined? Did you coordinate with the Jordanian authorities in this regard? • How does your aid programme to Jordan serve your economic and strategic interests?

	- How do you rate Jordan in terms of governance and aid policies?
- On what basis did you make your judgement?
- How do you rate the recipient government institution, your counterpart in terms of capacity and performance?
- What are your development priority areas?
- How would you describe your relationship with the Jordanian authorities?
- Please explain your development projects' selection criteria.
- How does the project serve your development policy goals?
- How does the project serve your country's economic and strategic interests?
- Who thought up the project the first place? And why in your view?
- How did the project come about? Did you receive a funding proposal from Jordan? If yes, by what means? And how was it handled by your party?
- Please explain the initial project planning process.
- What was the role of the recipient in project planning?
- Do you see the role of the recipient in project planning important? And how?
- When you started the discussion with the recipient on initial project planning, were there differences in goals and priorities?
- Did you or the recipient make any concessions in order to come to an understanding? What were the concessions, if any?
- Were there any conditions related to the project imposed by your party?
- If yes, why were these conditions set?

	- Was your aid money tied? If yes, why? - How do you benefit from tying aid in general, and in this project in particular? - Did you make any changes in the project plan during the implementation? If yes, please explain why? - What was your role in project implementation? - How did you determine this role? - What was the role of the recipient in project implementation? - Did you decide the role of the recipient in project implementation? If yes, why? And on what basis? - What contributions to the project did the recipient put forward? - Did you require these contributions? If yes, for what reasons? - How did these contributions affect the overall performance of the recipient? - Other than the project's stated objectives, did you have any goals or secondary you were hoping to reach? - What did you do to ensure sustainable benefits? Questions for Recipients - What was the role of the donor in project planning? - Do you see the role of the donor in project planning important? And how? - When you started the discussion with the donor on initial project planning, were there differences in goals and priorities? - How did those differences affect project implementation, outcomes and long-term benefits? - Did you or the donor make any concessions in order to come to an understanding? What were the concessions,

	if any?
	• Were there any conditions related to the project imposed by the donor?
	• If yes, why, do you think, were these conditions set?
	• Was the aid money tied? If yes, how did it affect the project?
	• What do you think of the donor's policy and approach?
	• What was your role in project implementation?
	• How was this role determined?
	• What contributions to the project did you present?
	• Were these contributions required by the donor?
	• If yes, did these contributions make you more committed to the project?
	• How do you see the role of the donor in managing the project? Do you think you could have done a better job than the donor? Please explain.
	• Do you believe you should have been given a bigger role in planning, management and implementation? And why?
	• What is the role of the donor in maintaining sustainable benefits?
Assess, evaluate and analyze recipient government policies and practices in relation to foreign aid.	Questions for Donors • How do you rate the recipient government institution, your counterpart in terms of capacity and performance? • How did the project come about? Did you receive a funding proposal from Jordan? If yes, by what means? And how was it handled by your party? • Please explain the initial project planning process. • What was the role of the recipient in project planning? • Do you see the role of the recipient in project planning important? And how?

	• When you started the discussion with the recipient on initial project planning, were there differences in goals and priorities? • How did those differences affect project implementation, outcomes and long-term benefits? • Did you or the recipient make any concessions in order to come to an understanding? What were the concessions, if any? • What was the role of the recipient in project implementation? • Did you decide the role of the recipient in project implementation? If yes, why? And on what basis? • What contributions to the project did the recipient put forward? • Did you require these contributions? If yes, for what reasons? • What is the role of the recipient in maintaining sustainable benefits? Questions for Recipients • Do you have a national development strategy? If yes, please describe the strategy and how was it set. • What are your development priority areas? • How did the idea of the project come about? Did it come from the national strategy? • What is the influence of your stakeholders on the development strategy or on defining the development priority areas? Who are your stakeholders? • How do you rate your institution in terms of capacity and performance? • Did you propose the idea of the project to the donor agency for funding? • Please describe your fundraising strategy.

	• Please explain the proposal submission process.
	• What did you do to guarantee better chances of funding from the donor?
	• Did the donor do any changes on the project's initial design?
	• How would you describe your relationship with the donor agency?
	• How does the project serve your country?
	• Please explain the initial project planning process.
	• What was the role of the donor in project planning?
	• Do you see the role of the donor in project planning important? And how?
	• When you started the discussion with the donor on initial project planning, were there differences in goals and priorities?
	• How did those differences affect project implementation, outcomes and long-term benefits?
	• Did you or the donor make any concessions in order to come to an understanding? What were the concessions, if any?
	• Were there any conditions related to the project imposed by the donor?
	• If yes, why, do you think, were these conditions set?
	• Was the aid money tied? If yes, how did it affect the project?
	• Did you make any changes in the project plan during the implementation? If yes, please describe the changes and explain why they were done?
	• What do you think of the donor's policy and approach?
	• What was your role in project implementation?
	• How was this role determined?
	• What contributions to the project did you present?

	• Were these contributions required by the donor?
	• If yes, did these contributions make you more committed to the project?
	• How do you see the role of the donor in managing the project? Do you think you could have done a better job than the donor? Please explain.
	• Do you believe you should have been given a bigger role in planning, management and implementation? And why?
	• Were there any Jordanian government laws or regulations that hindered the project implementation or development?
	• If yes, were you able to change these laws or work around them?
	• Were the project's stated goals achieved?
	• Other than the project's stated objectives, did you have any goals or secondary objectives you were hoping to reach?
	• In your point of view, was the project successful? And why?
	• On what basis did you make your judgement? How do you measure success or failure? What indicators do you use?
	• Do you think the project will provide long-term sustainable benefits? How and why?
	• What did you do to ensure sustainable benefits?
	• What is the role of the donor in maintaining sustainable benefits?
Investigate and compare the extent of difference in interests and objectives	Questions for Donors • How does your foreign aid programme benefit your country?

between bilateral donors and recipient governments in relation to aid.	• On what basis your policy on Jordan was determined? Did you coordinate with the Jordanian authorities in this regard? • How does your aid programme to Jordan serve your economic and strategic interests? • What are your development priority areas? • How does the project serve your development policy goals? • How does the project serve your country's economic and strategic interests? • Do you see the role of the recipient in project planning important? And how? • Did you or the recipient make any concessions in order to come to an understanding? What were the concessions, if any? • How do you benefit from tying aid in general, and in this project in particular? • Other than the project's stated objectives, did you have any goals or secondary you were hoping to reach? Questions for Recipients • Do you have a national development strategy? If yes, please describe the strategy and how was it set. • What are your development priority areas? • How did the idea of the project come about? Did it come from the national strategy? • What is the influence of your stakeholders on the development strategy or on defining the development priority areas? Who are your stakeholders? • How does the project serve your country? • When you started the discussion with the donor on initial project planning, were there differences in goals and priorities?

	• Did you or the donor make any concessions in order to come to an understanding? What were the concessions, if any? • What do you think of the donor's policy and approach?
Assess the consequent effectiveness of the various forms of foreign aid (financial and technical) on Jordan.	Questions for Donors • How do you evaluate project outcomes? • Did the project reach its states objectives? • In your point of view, was the project successful? And why? • On what basis did you make your judgement? How do you measure success or failure? What indicators, if any, do you use? • Do you think the project will provide long-term sustainable benefits? How? • What do you do to ensure sustainability? • What's the role of the recipient in ensuring sustainability? • Do you trust that the recipient will take and maintain necessary measures to ensure long-term sustainable benefits of the project? Why and how? Questions for Recipients • When you started the discussion with the donor on initial project planning, were there differences in goals and priorities? • How did those differences affect project implementation, outcomes and long-term benefits? • Did you or the recipient make any concessions in order to come to an understanding? What were the concessions, if any? • How do you evaluate project outcomes?

	• Did the project reach its states objectives?
	• In your point of view, was the project successful? And why?
	• On what basis did you make your judgement? How do you measure success or failure? What indicators, if any, do you use?
	• Do you think the project will provide long-term sustainable benefits? How?
	• What do you do to ensure sustainability?
	• What's the role of the donor in ensuring sustainability?
Examine the impact of conditionality on the effectiveness of aid programs.	Questions for Donors • Were there any conditions related to the project imposed by your party? • If yes, why were these conditions set? • Was your aid money tied? If yes, why? • How do you benefit from tying aid in general, and in this project in particular? Questions for Recipients • Were there any conditions related to the project imposed by the donor? • If yes, why, do you think, were these conditions set? • Was the aid money tied? If yes, how did it affect the project? • Did you make any changes in the project plan during the implementation? If yes, please describe the changes and explain why they were done?
Identify the essential aspects of Jordanian government policies	Questions for Donors • What was the role of the recipient in project implementation?

for managing aid, and measure the effectiveness of aid management in achieving the stated objectives	• Who defined these roles and how?
	• How do you evaluate the role of the recipient in project implementation?
	• What was the role of the recipient in project management?
	• How do you evaluate the recipient's management practices?
	• In what way the recipient's management practices contributed to the project?
	• How did the recipient government system and governance affect the project implementation process?
	Questions for Recipients
	• Please describe your role in project implementation?
	• How do you see the role of the donor in project implementation?
	• Did you participate in project management? If yes, what were your responsibilities?
	• How do you evaluate the donor's management policies and practices?
	• In what way the donor's management policies contributed to the project?
	• Did you make changes in the project implementation during the process of implementation?
	• If yes, who decided to do the changes? what were the reasons? And what were the benefits/effects of the change?
	• Is there an incentives system within your institution for the staff? If yes, please explain.
	• If not, how does this affect the performance of the staff working on the project?
	• Do the staff receive good salaries? If not, how does this

	affect their performance?
	• Was the project implementation process affected by bureaucracy in your system or the donor's, or by some government regulations? If yes, what were the measures taken by you to overcome these problems?
	• How do you evaluate project outcomes?
	• Did the project reach its states objectives?
	• In your point of view, was the project successful? And why?
	• On what basis did you make your judgement? How do you measure success or failure? What indicators, if any, do you use?
	• Do you think the project will provide long-term sustainable benefits? How?
	• What do you do to ensure sustainability?
	• What's the role of the donor in ensuring sustainability?

These questions were developed from relevant literature, documentation and the pilot. In addition to the above table, many of the research questions were explored using the data provided in the documents.

Interviews

Successful interviews guide respondents through unorganised life experiences in an orderly manner and within a limited timeline (May, 2002). Interviews based on a schedule of semi-structured questions are conducted to obtain information from respondents. Unlike many other techniques they permit, and indeed encourage, a dialogue. For this research, interviews were selected as the foremost means of gathering data as they allow probing of detail, the volunteering of relevant views and interchange of data, all of which was considered important.

Recording the data, however, is the difficulty. Writing while respondents are speaking could be disturbing. Tape recording then summarising or transcribing takes time and effort. Also exploitation is an issue, as interviews can result in a one-way interchange of information from which only the researcher takes advantage (Scheyvens, 2003).

The main research used some structured, but more frequently semi-structured interviews. The latter were more appropriate and productive as each project has unique characteristics and therefore the flexibility of this kind of interview was important as the data mainly related to people's judgements, attitudes, preferences, priorities and perceptions which invariably required explanation and justification.

In the fieldwork semi-structured interviews were used to identify aid policies and practices themselves and to investigate relationships between donors and recipients; the differences in interests and objectives between them and to determine the extent to which they influenced the effectiveness and outcome of projects. The interviews were also used to probe the differences between stated objectives, policies, and strategies of projects, as set out in official documents and the actual implementation process and outcomes.

It is common for the research question, in case study-based research, to evolve over time and for the concepts to be revised, developed or dropped during the process of the research. This allows the development of more understanding and knowledge than if there were only a set question (Karlson, 2002).

Structured interviews were used mainly to validate data and mostly with field operatives and others concerned with day-to-day implementation. The pilot study assisted in identifying the questions that could be structured because the differences in projects mattered less. This was particularly the case when investigating certain system procedures. There were, however, many follow up questions, like 'why', so that whilst the same topics were raised with all the participants, they were not necessarily tackled in the same order (Robson, 1997).

It was originally intended to record interviews and then transcribe or archive, according to importance. However, it quickly became evident that for senior and

middle management staff in particular, recording led to discomfort and reduced the productiveness of the interviews. The method was therefore discontinued, and instead, the researcher wrote down notes during interviews. The discomfort demonstrated by such respondents was mainly because there were many questions that are of a sensitive nature, such as questions related to the respondents' relationship with counterparts, and their satisfaction with policies, management, performance, and overall achievements and outcome. The fact that the interviewees felt less threatened in the absence of a recorder meant that they were more willing to be open. Whilst they could easily have been discomforted by the feeling that they were giving away secrets, the occurrence of as much confidentiality as possible, and the lack of a recording led to them being unconstrained in their answers.

Participants Selected

In order to capture all aspects of the projects from the various relevant viewpoints and at all levels, different categories of participants were identified that represented:

- top policy-making level –responsible for setting up policies and projects plans;
- middle management level –responsible for design and implementation procedures; and
- implementation level – responsible for project execution.

It should be noted that participants involved in aid projects can easily feel on the defensive. They are mindful of their colleagues' opinions and of their reputation. The fact that the researcher is herself an aid worker gave them confidence and they were able to talk freely and revealingly about their experiences.

Therefore participants selected from donors included officers from top and intermediate management who represent the donor organizations in Jordan and are responsible for setting and implementing development policies. Experts, consultants, field officers, coordinators and trainers from donor organizations were also included for interview in order to be able to measure process directly against results, allow for

triangulation of data collected, and capture the different aspects of the intervention throughout the process of design and implementation.

Participants selected from the recipient government also covered all levels including senior government officials and policy makers from different ministries and institutions; top and intermediate management officers; experts, consultants, coordinators and field officers and workers.

Furthermore, project directors and contract and direct-hire staff are selected, in addition to the CEOs of the private sector companies that were directly involved in the projects, as well as beneficiaries at grassroots level.

The actual number of participants selected depended mainly on the scale and complexity of the particular project. In some cases the donor or recipient may have had only one person responsible for project management and/or design. In each case data collection commenced with interviewing the project director, who in turn would identify the other managers, consultants and personnel involved. Alongside the specific project-related investigation, an interview was also conducted with the in-country head of donor mission. In small-scale projects (specifically the Petra Project) all available personnel involved were interviewed. The project documentation was also consulted with one of the purposes being to ensure that all relevant staff had been identified. This is mainly because of two reasons: first, the small number of participants allowed the researcher to interview all of them in a reasonable time, and second, the Petra Project was indentified as the pilot for the research and therefore more time and effort was spent on it to be able to better inform the main study.

Documentation

The research identified, categorised and analysed all documentation related to the selected projects. Documentation included: policy statements and strategic plans for donor and recipient, project documents, funding proposals, progress and evaluation reports, press releases, archival records, memoranda and timetables. The documents were used to:

- provide background information on projects selection and refinement,
- analyse the extent to which the statements had been thought through,
- provide operational information on process,
- corroborate evidence gathered from interviews –providing multiple sources of data to ensure reliability.
- compare their statements with the results on the policy and practice,
- test whether the documentation was fair and accurate, and
- scrutinise the language of the documents in the light of other data.

At the donor agency level, major planning documents produced usually include: agency strategic plan, annual performance plan, and budget justification. Together these documents describe results and resources by agency goals and country, regional, or worldwide programme objectives.

At the recipient government level, boards chaired by ministers, and high commissions usually develop country strategic plans documents for different sectors and development needs. Project funding proposals are produced by the relevant government institutions or ministries and include the recipient's initial objectives, plans and expected outcomes. They were often well-intentioned mission statements and lists of ideal targets.

Project documents are produced by the donor agencies, often in cooperation with the recipient government. These describe objectives, implementation plans, management structure, time frame, terms and conditions and confirm expected outcomes. Progress reports and evaluation reports are delivered by the donor agency or the project directors.

While documents provide blue prints and evidence on what was planned and intended, interviews provide an insight into what actually took place during the process of implementation. Documents describe stated objectives, initial plans and expected (usually measurable) outcomes for both donor and recipient. They also provide official evaluation of the implementation process as reported to the donor agency and through the agency to the donor country's taxpayer. The interviews' data

provide substantial additions to these documents and make possible the study of inconsistencies, donor and recipient behaviour, donor-recipient relationships and proficiency of project planning.

3.2.3 Criteria for selecting projects to provide the case studies

For a specified set of available resources, the fewer the case studies, the better the prospect for depth of research (Karlsson, 2002). Miles and Huberman (1994) point out that case selection and sampling involves two aspects: the first is putting boundaries that identify what the research can look at and link directly to the research questions. The second is to establish a sample frame to help discover, validate, or qualify the basic processes or concepts that support the study.

Karlsson (2002) states that when building theory from case studies, a researcher should select cases using replication logic rather than sampling logic. Each case study should be selected so that it either envisages similar results (a literal replication), or generated contrary results but for inevitable reasons (a theoretical replication). The current research is using the replication logic and selects a range of development projects with characteristics that will allow highlighting the differences being studied.

This research identified aid programmes and projects as case studies rather than overall aid for sector development as it is more viable, for the purposes of the study, to examine the effectiveness of certain aid programmes or projects.

Based on detailed discussions with the Government of Jordan and other stakeholders, the Country Assistance Strategy for Jordan as determined by the World Bank and covering the period 2000-2002, outlined four priority needs for development:
- 'Reviving, maintaining, and accelerating **economic growth**, emphasizing higher levels of private investment, export development, and tourism;
- Promoting **human development,** including **social protection**;
- Undertaking **public sector reforms***;* and
- Improving **water resources** management and the environment' (World Bank, 1999).

Following the purposive sampling described above, the criteria for project selection for this study were designed to include all four development priority needs for Jordan as identified by the World Bank. The projects selected were funded by different bilateral donors. Based on the above, the research identified four projects that cover the four development areas:

- *Economic Growth:* The Petra Stone Preservation Project. The project is funded by German Development Cooperation (GTZ), and implemented by the Department of Antiquities of the Jordanian Ministry of Tourism and Antiquities. It aims at supporting Jordan in the establishment of a conservation and restoration centre in Petra that is entirely operated by Jordanian personnel.

- *Public Sector Reform:* Information and Communication Technology (ICT) Initiative. The project is funded by Access to Microfinance & Improved Implementation of Policy Reform Program (AMIR) of the USAID and implemented by the Jordanian Ministries of ICT and Planning. It aims at developing Jordan as a regional ICT hub and a competitive exporter of ICT products and services.

- *Human Development:* Capacity Building in the Management of Jordan's Education Services Project. The project is funded by DFID (Department for International Development) and implemented by the Jordanian Ministry of Education. It aims to develop sustainable capacity to manage qualitative improvement in the education service in Jordan, and to introduce developed administrative systems in the Ministry of Education.

- *Water Resources:* Improvement of Water Supply System to Greater Amman Project. The project is funded by the Japanese government and implemented by the Ministry of Water and Irrigation. It is dedicated to the expansion of the Zai Water Treatment Plant (ZWP) which currently supplies over 40% of the water used by Amman residents. The plant's expansion aims to double water supplies currently available to Amman.

In addition, the projects selected meet the following criteria:

- The donor is a bilateral organization and therefore meets the criteria for the study.

- The recipient is a government body.
- The project is implemented by the recipient government with direct supervision and/or operational involvement of the donor.
- The project has either ended or is in its final stages, thus making it possible to study outcomes. The project is at a point which allows a complete picture of the various stages through which it has passed. In other words it is recent enough for information to be fresh in the minds of respondents, but also sufficiently advanced (or even completed) so that everything about it was available for analysis.

3.2.4 Validity

Validity has a number of dimensions. Construct validity is the extent of correct operational measures established for the concept being examined (Leonard-Barton, 1990). It can be studied by: a) examining whether projections made about relations to other variables are confirmed, b) utilising different sources of evidence, (similar results are considered proof of convergent validity), c) observing if a construct can be distinguished from another, and d) pursuing triangulation that supports construct validity (Karlsson, 2002).

'Internal validity is the degree to which a casual relation can be established, whereby specific conditions are proved to lead to other conditions' (Yin, 1994, p.35). External validity, on the other hand, is determining whether a research's finding can be generalised beyond the case study. 'Reliability is the degree to which a research's operation can be repeated with the same outcome' (Yin, 1994, p36). Multiple case studies have better external validity than single cases (Karlsson, 2002).

By using qualitative data, the current study provides a good insight of the 'why' that is essential to ensuring internal validity of the findings. Cross-case analysis also seeks to improve the internal validity. External validity is also established by using multiple case studies that cover all Jordan's areas of development needs. Construct validity is ensured by using multiple sources of data and establishing a chain of evidence through comparing data from various interviews and documents, and in some cases by

having respondents review case study reports. Reliability is established through using a well designed case study protocol.

Because of the nature of the research and projects selected, research anticipates that people interviewed are unlikely to always portray the actual undertakings. Indeed, many would try to present a better picture than what's really happening on the ground, and would try to protect themselves by saying faults come from elsewhere or by laying blame of misconduct on the other party. Therefore, research will look for cross checks and will go down the system and compare data from interviews with the implementation process. Documents and progress reports will also be used to validate data from interviews. Examples of cross checks for validity are those pertaining to questions on sustainability and relationship between the donor and the recipient, such as 'Do you think the project will provide long-term sustainable benefits? How and why? What did you do to ensure sustainable benefits? How was your relationship with the donor/recipient…etc?'. These questions were asked to respondents at both the policy making level and implementation level. Respondents would usually hesitate to highlight weaknesses in their projects; therefore cross checks were performed by comparing the different answers from the different respondents and by comparing the answers on the sustainability questions with project's progress reports after the handover.

3.2.5 Ethical Issues

The subjects being examined in this independent research are of a very sensitive nature as they touch on delicate issues related to cooperation between countries, relationships between donor and recipient organisations, and management policies within individual institutions. Anonymity in the current research was very difficult to provide, as the study described specific events and policies related to particular projects. Therefore, it was difficult to provide confidentiality in the sense that each party learning of the perspectives of the others.

Tschudin (1994, p.50) points out that there are several areas to be taken into account with regard to ethics and research: the researcher's individual and professional

integrity, relations with their sponsors, employers and associates, and the accountability of researchers to their subject areas.

Regardless of paradigmatic positioning, O'Leary (2004) emphasises the need for all researchers to understand the political nature of research and to manage their position of power. She states that researchers have to understand that power can affect the process of research, and that with power comes responsibility. The integrity of the knowledge introduced as well as the well-being of the respondents are determined by the ethical negotiation of power and power relations. According to O'Leary (2004), the negotiation of power entails recognizing responsibility to:

- Understand your own reality as a researcher. Awareness of your own ideological beliefs, position of authority, and biases, is essential to the process. Your worldview and your state of power within a culture should be recognized.

- Be aware of how your worldview, beliefs, and position can unintentionally impact the process of research. Recognising that how others view you and how you see the world can influence your research puts you in a position to safeguard the integrity of the research process.

- Act ethically. The research should be carried out in a way that balances the subjectivities of the researcher, and protects the wellbeing and dignity of the respondent.

The researcher of the current study was attentive to her impact in terms of causing discomfort. She attempted to log on information without influencing the respondents, because to do otherwise would constitute interference, thus influencing the research data. Respondents were informed about the nature of the research in advance of the interview, and management consent is obtained prior to scheduling interviews with staff. Requests for interviews with senior management were communicated through letters, while interviews with other respondents were requested through emails and phone calls. Drafts of case studies were shared with a number of respondents and their feedback were taken into consideration without affecting the overall neutral approach and the equal representation of all parties involved.

Data which the researcher thought to have a sensitive aspect, but which it was essential to incorporate, was edited and discussed for inclusion with respondents, as elimination would lead to a sanitised description of the facts or experiences being studied. For example, the Chief of Party of the USAID-funded AMIR Program was not satisfied with the finding that the greater involvement on the part of AMIR Program in the follow on IT project led to a decreased effectiveness of the intervention. Nonetheless, after some negotiation and display of evidence, the Chief of Party gave his consent. In some other similar cases, parties negotiated and arrived at a compromise.

Another example of an ethical issue arose in the process of conducting the pilot study during an interview with a former director of a recipient institution. The information he gave on record was very positive. He claimed he believed that the project has achieved its objectives and that he trusted that sustainable benefits are going to be maintained in the long run. Once the researcher put her notebook back in the briefcase and thanked the respondent for his time and input, he said 'let me tell you something off the record please, I do not believe the Petra Project will have any sustainable benefits, indeed, the whole thing was a waste of time and money and all what claimed to be instituted will collapse in few months, mark my words!'. This incident has put the researcher in a dilemma. On the one hand, this was an important statement from somebody who oversaw the establishment and implementation of many stages of the project, but at the same time is no longer responsible for the management. This could be interpreted as either a display of an honest opinion or a possible bias against the new management of the recipient institution. On the other hand, and since the respondent requested confidentiality, the researcher was ethically obliged to only report the data provided during the official course of the interview. This incident led the researcher to try to validate the information through field visits and other sources of data that could be quoted on record.

Aubrey (2000) states that one of the key issues related to data analysis is the degree to which the researcher is capable to identify areas of potential biases. For researchers taking a positivist stand, this may require them to study the categories they select. She points out that notes of qualitative, ethnographic researchers might contain such biases as they record aspects of the experiences they consider important. They also

could find their concepts more associated with their own interests and concerns than to those of the respondents. Aubrey (2000) cites Russell's (1927) as he argued that reports of animal behaviour depend on the nationality of the researcher, with animals observed by American researchers being very lively and vigorous, and those observed by German researchers being static. Although, it might be assumed that the researcher of the current study being a Jordanian could imply some biases in favour of the recipient, the fact that the researcher has been working for a donor agency for several years as a manager of aid projects, would contribute to ensuring a balanced and unbiased approach, or a balance of biases.

In relation to independence of research findings, Aubrey (2000) argues that research evidence could be used in policy by suppressing certain research data. This would be considered unethical if it intended to twist the findings or if presenting the evidence would be in the advantage of specific groups. This very much applies to sponsored research.

Aubrey (2000) states that researchers' personal history, values, religious experiences, and education influence their beliefs and skill to deal with moral dilemmas that arise in the research process. Honesty and graciousness are aspects of what is needed. However, avoiding unethical conducts also requires the capability to consider abstract notions such as justice and connect them to practical circumstances. Therefore, dedicating time to envisage the kind of ethical issues that might arise and creating provision for them in advance is a helpful exercise for the research. Thought and consideration of potential ethical issues has been given to interviews with senior management especially heads of donor missions. In their attempt to paint a rosy picture of their country's good intentions to help their aid recipients, mission directors and senior managers should be reminded that views of various stakeholders will be also presented in the research and that such views might not necessarily be in agreement with theirs. Interviews have also given some workers a venue to vent about their poor salaries in the hope for their views to be conveyed to the management through the researcher. However, the researcher had to be prepared to deal with situation by gracefully saying that she understands their situation, explain that the interview is only for research purposes, try to keep the interview on track, and maintain her unbiased approach.

3.2.6 Analytical Method

There exists a relatively large amount of aid literature aiming to study the effectiveness of foreign aid and the different factors that impact the efficiency of aid. Various models, econometric modelling techniques, and analytical methods were used.

Many studies that examined the impact of a number of factors on the effectiveness of foreign aid used the standard B-D aid-growth model. They inserted additional variables into the model to test coefficients of variables and their interaction (Collier and Hoeffler, 2002; Guillaumont and Chauvet, 2001; Collier and Dehn, 2001). The 'recipient need' and 'donor interest' studies of aid allocation have used cross-country data in their econometric models. A number of studies have used country-specific time progression data (Gang and Khan 1990; Gounder and Sen, 1999; Gounder, 1999).

The theoretical construct was used in this research to organize the themes by fitting them into a theoretical framework. As the data was analysed, theories in the literature were used to make sense of the research themes (Auerbach, 2003).

The current study examines the impact of donor and recipient government policies and practices on the effectiveness of foreign aid to Jordan using extensive examination of four case studies that cover the four main development areas for Jordan and projects that are funded by four main bilateral donors. This approach provided means for an in-depth analysis of the specific variables adopted by the research that impact the effectiveness of aid, as opposed to general cross-country analysis or country-specific criteria that looks at general country data without examining specific incidences and dealings on the ground. Variables adopted by the research such as relationship between donor and recipient require intensive study of cases and examination of direct impact on the ground.

Data collected from case studies was clustered and analysed in accordance with the research objectives. Data analysis was carried out at two levels.

- policy decision-making level; and
- implementation level.

It was clear from the outset that some characteristics of a project (and therefore of the data) would be unique to that particular project. In such cases the data was analysed as necessary to ensure sensitivity to the special issues involved.

In the light of a suitable analytical method or procedure, the logic was to conduct and analyse case studies in the following criteria:

-   Aid policies and delivery mechanisms as applied by the donor were examined in the light of the donor's philosophy and stated objectives. The donor's policies and strategies were obtained from the publications and documents produced by the donor. These include the donor's main mission statement and strategic objectives, its general policy and its policy specific to Jordan, regional approach, development targets and priority areas, country strategy papers, and white papers on development. With respect to the specific projects selected this documentation was supplemented by material containing the particular project objectives and outline. Interviews with the donor's policy makers and senior officials provided data on policies and approaches in dealing with the project being carried out and provided an opportunity to explore different issues, and the disparities in policies applied on the ground and the ones that are stated in the documentation.

-   The research assessed, evaluated and analyzed recipient government policies and practices in relation to foreign aid. Basic information on the government body or ministry implementing the project was obtained from documents provided by that ministry on government vision, priorities, and national policies. In many cases, these documents, or some of them, were not available. Therefore, structured or semi-structured interviews with relevant government officials were undertaken to obtain information on objectives, policies and priorities.

- The data obtained from the interviews with decision-makers on both sides was compared with what is stated in the available official documents in terms of development policies and project planning, design, structure and management. Data from documents and interviews was compared with the actual implementation in order to determine the extent of efficiency, consistency and 'truthfulness' of aid policies for both the donor and recipient.

- The research also investigates (again through interviews) the recipient government policies for managing aid and its commitment to the success and sustainable benefits of the project. This also provides an insight into Jordan's policy environment in relation to foreign aid effectiveness, and measures the quality of aid management in achieving stated objectives.

- For each case study, all publications and documents collected from both donor and recipient were examined before the interviews in order to provide the right background information. This facilitated comparison of written policy with actual implementation and highlighted inconsistencies, problems related to donor and recipient behaviour, and the extent of proficiency in project planning.

- Other than in respect of written conditions and restrictions imposed by the donor concerning the terms of the grant and project implementation, the documents rarely provide information on the donor-recipient relationship. The researcher therefore used semi-structured and interactive interviews to understand this relationship. This includes the margin of freedom given to the recipient to manage the grant, the extent of changes that can be made to the project, the handling of additional requests by the recipient, and the interpersonal relationships between the donor and recipient staff. Interactive interviews do not follow a predefined schedule of questions but is rather an open dialogue with the respondent.

- An examination of the written conditions, as far as they are specified in the documentation, and any indirect conditions imposed by the donor, permitted judgements on the effectiveness of these conditions and the way they influenced project outcomes and sustainable benefits.

- A central issue in the research is a consideration of the extent of difference in interests, goals, and priorities between the donor and recipient government, and the impact of such differences on the effectiveness of the intervention and the sustainability of its benefits. This was assessed through studying the written policies of both with respect to the selected projects, interviewing recipient government officials concerned with policy formulation and senior donor officials and heads of missions, and comparing the stated goals with the ones sought to be achieved by both the donor and the recipient on the ground.

- The effectiveness individually of the four projects examined and the consequent overall effectiveness of foreign aid to Jordan was assessed. Effectiveness of the four projects was determined primarily by measuring developments on the ground, by studying project reports, through interviews with beneficiaries and by observation of end results. Assessing the overall effectiveness of foreign aid to Jordan was based upon examination of documents provided by the government of Jordan, the World Bank, the United Nations, and the International Monetary Fund.

- The cross-case analysis addressed the objectives set for the research in the light of the findings drawn from the case studies and foreign aid literature. The different aspects of each objective were addressed through pulling together and performing a cross-cutting analysis of evidence from interviews, documentation and mainly the findings of all case studies. Seeking confirmation from various data sources results in more reliable outcomes. Eisenhardt (1989) states that people are weak processors of information, as they are inclined to jump to conclusions based on narrow data, be excessively influenced by people such as elite respondents, and unintentionally drop contradictory evidence. The cross-case analysis is an attempt to address these challenges and confirm that the researcher is being unbiased in dealing with cases at all levels.

The results of the analysis used in the above listed criteria are shown in chapters 4-8. Using this criteria, content analysis was used and this provided a number of common themes.

3.2.7 Summary of Some Problems Encountered

Recording interviews: Due to the sensitivity of the subject, its political dimension, and the high positions and status of certain respondents, it was difficult to record some interviews without affecting the participants' willingness to express personal views. This also limited the researcher's freedom to quote the respondents directly. The problem was overcome by writing down notes during interviews, and as a result, the occurrence of much anonymousity and confidentiality as possible, and the lack of a recording led to respondents being unconstrained in their answers.

Setting appointments: Frequently, government officials and policy makers were difficult to contact (certainly for interviews) due to their heavy schedules, endless meetings and travelling. In many cases the researcher had to go through government procedures of writing letters and overcoming bureaucratic obstacles to get to the officials.

Availability of documents: In most cases, documentation on projects are provided by the donor organizations and little, if any, is provided by the recipients. Donors usually generate more of the documentary material as they are obliged to report to the stakeholders who invest in their aid programmes. The problem was overcome by placing more weight on the interviews with respondents on the recipient side being a more productive source of data than documentation.

Chapter 4

Pilot Study/Case Study 1: Petra Stone Preservation Project

Ministry of Tourism and Antiquities / Department of Antiquities

Funded by German Development Cooperation, Deutsche Gesellschaft für Technische

Zusammenarbeit (GTZ)

(1993-2002)

4.1 Documentation

The data collected for this study was based on project documentation and interviews. The available documents available were prepared by GTZ. The Jordanian Government did not produce any documentation. Following is a summary of the data collected from the various documents related to the Petra Stone Preservation Project.

Jordan has a multitude of attractive historic sites, including the ruins of one of the most significant cultural heritage sites in the Middle East, namely Petra, located in the south of Jordan. Although these sites are numerous, neither at local nor national level does there exist an independently functioning body responsible for the conservation of the monuments. Petra is the most significant tourist attraction in Jordan and gains a great deal of international attention. This has not, however, led to a similar concern by the Jordanian administration. The consequence is a rapid decay of this precious monument accelerated by tourism and sometimes by the effects of incompetently planned restoration campaigns. The economic and the cultural damage is enormous, as this historic architecture is proving to be one of the main economic resources of the country, as the rapidly increasing influx of tourists visiting these sites shows.

The Petra Stone Preservation Project, in cooperation with the Department of Antiquities, supported Jordan in the establishment of an independently functioning conservation and restoration centre in Petra, which would be entirely operated by Jordanian personnel, who would be responsible for planning, executing and supervising conservation and restoration work on the Petra monuments.

During the project, equipment for restoration purposes was purchased and installed, Jordanian personnel were trained, and detailed plans for the restoration of monuments were created. It was also necessary to develop new restoration methods that were specifically tailored to the situation in Petra. One of the many issues that were dealt with was finding the most suitable measures for desalination of the rock facades, a problem which was new to GTZ's restoration specialists. The project also established a digital documentation and archiving system for Petra. It is, perhaps, significant that the project was confined to Petra, and not designed to be transferable to all the other monuments of Jordan.

4.1.1 The Donor – German Agency for Technical Cooperation (GTZ)

Aid Policy

Sustainable development is a key objective of German ODA. It is stated in the 1966 policy paper 'A Concept for Development Policy', which specifies three priority sectors for the German development assistance:

- Poverty alleviation, based on in-country involvement in the development process. This part of aid strategy also emphasizes self-help.
- Protection of the environment and natural resources.
- Education and training.

Responsibilities for Aid Management

- Minister Responsible: Federal Minister for Economic Co-operation and Development.
- Principal Aid Agency for funding: Federal Ministry for Economic Co-operation and Development (BMZ).
- Principal Aid Agency for project execution: Agency for Technical Cooperation (GTZ).
- Other Aid Organizations: Bank for Reconstruction KfW); German Development Service (DED); German Foundation for International

Development (DSE); Carl Duisberg Gesellschaft (CDG); and German Institute for Development Policy (DIE). All these agencies report to BMZ.

- General Aid Policy Statement: The Concept for Development Policy (1996).

Focus of Assistance

Areas of central interest in German foreign aid within the three priority sectors mentioned above:

- Promotion of the private sector;
- Population issues;
- Promotion of women in developing countries; and
- Environmentally sound development.

The question arises how these more specific concerns link with the aid policy. All these priority areas cohere with the German ODA general aid policy, but they add some dimensions, like the private sector and the promotion of women that would not necessarily be of primary concern in a country like Jordan. In addition, the provision of advisory services to recipient governments to strengthen their overall economic management capacity, to undertake reform programmes, and help create appropriate democratic, economic legal, and social frameworks is a growing component of aid.

A large part of German ODA is allocated to supporting implementation of the United Nations Convention to Combat Desertification (CCD) in a broad range of activities ranging from the elaboration of national action plans (NAP), communal land use planning and institution building. Germany also contributes funds to multinational desertification control programmes run by international organizations such as the United Nations agencies, the World Bank and the European Union. This also supports their mission statement in terms of protecting the environment and natural resources.

4.2 Interviews Summary

The respondents interviewed included:

- The GTZ Project Director
- The Petra Project Director
- Current and previous directors of the Department of Antiquities
- The Director of the Institute of Archaeology and Anthropology at Yarmouk University
- The Vice President of the Hashemite University
- Restorers and German restoration experts involved in the Project

The following table summarises data collected from the above mentioned respondents through unstructured interviews. It illustrates the broad scope of policies, and project objectives, planning, and design processes as applied by GTZ and the different Jordanian institutions that took part in the project. It also describes project outcomes and sustainability as viewed by both the donor and the recipient.

Table 4.1 Summary of interviews for the Pilot Study

	Donor	Recipient
Start date	End of 1993	End of 1993
Purpose	Petra and other Jordanian indigenous cultural heritage have been suffering from a rapidly increasing deterioration and decay. In short and hasty rescue operations, foreign missions often tried to help save some of the unique heritage. But generally speaking, such missions are short-lived, often work under pressure and only for limited periods of time. Even worse is that the Jordanian people had to trust that	Yarmouk, a Jordanian government university thought up the idea the first place. The initial proposal was to develop laboratories and testing facilities at the university to assist local researchers and experts in researching stone properties in Petra.

The idea was later tailored by the Germans to include economic aspects, to fit the project within their international development |

	the work done by such missions would meet internationally accepted standards, because of the inherent lack of criteria to assess the quality of the work executed. Unfortunately, the consequences of such inadequately supervised work are sometimes disastrous and only become evident years later.	policy, so they would be able to finance it. The GTZ requested to work with a counterpart from the government along with the university. Thus, the Department of Antiquities was involved. The Department of Antiquities had to be involved as it is the authority responsible for all the archaeological sites in Jordan.
Objectives	The main goal of the German technical development assistance to Jordan is to strengthen and upgrade local institutions, an effort that is also referred to as 'institution building'. The prime goal of the project is to assist the Jordanian government in the establishment of a conservation and restoration centre in Petra – to be entirely operated by Jordanian specialists and staff- that will be able to independently plan, execute and supervise conservation and restoration work on the Petra monuments.	The initial goal was to establish laboratories at the Yarmouk university that are designed and equipped to analyse stone properties specifically for Petra monuments. The goal was later developed to become: Establishing a conservation and restoration centre in Petra that plans, executes and supervises conservation and restoration work on the Petra monuments. Obtain restoration equipment for Petra. Train Jordanian staff to carry out the restoration work.

Inputs	Build-up phase:	Build-up phase:
	Expertise transferred.	Provide personnel to be trained.
	Large variety of materials and heavy equipment installed.	
	Field tests executed.	
	Relevant research programmes established.	
	Studies performed.	
	Infrastructure developed.	
	Personnel trained.	
	The second phase:	The second phase:
	Installations made.	An appropriate structural setup for the centre designed.
	Expertise generated gradually put to work.	
	The Third phase	The Third phase
	Specific solutions to a number of restoration problems elaborated on a specific monument.	Completion and furnishing of the restoration centre in Petra.
	Project handed over to the Department of Antiquities.	Hashimite University (another Jordanian government university) has created a database and information system compiling all relevant information and maps on Petra.
	GTZ implemented one further phase to ensure that the efforts and investments made towards the creation of the centre are being secured and being put to good use in the long-term.	
Unattained expectations		Train larger number of Jordanians, especially Department of Antiquities' staff, on restoration

		techniques. GTZ's point of view is that there were no eligible people among the Department of Antiquities' staff to be trained.
Outcomes	After completion of the project, the restoration of the monuments in Petra became entirely Jordanian affair. Rather than having to perpetually rely on external help, the Jordanian experts now thus are able, and have the capacity to preserve this important site. Eventually, the newly established centre forms the nucleus for an institution addressing the conservation and restoration needs of monuments on nationwide basis and offer extension services to the entire region.

An additional achievement of the project is the development of a concept for the conservation and restoration of the sandstone monuments in Petra. It forms the basis for all later work and requires in-depth experience in the restoration of monuments and sites, as well as elaborate observations, comparative studies, discussions and insights. | Parallel to the efforts being made in Petra, GTZ has improved the laboratories and testing facilities at Yarmouk University, so as to assist local experts in researching stone properties and collecting data on material properties.

With the help of the project Yarmouk university established a conservation department that, for the first time provides opportunities for specialization in the field of stone conservation in Jordan.

Similarly, contributions also have been made to the Hashemite University (HU) to improve its capacity in the field of image analysis and data collection with respect to building a comprehensive database on Petra. It is now already the most comprehensive source on all issues related to Petra and its environment in the country. |
| **End date** | April 2002.
This was set on the assumption | No end date.
The Jordanian authorities did not |

	that the Jordanian authorities are committed to build the restoration centre in Petra according to the plan.	specify an end date or confirm the one set by the Germans, because, as per their agreement with GTZ, the Jordanians were supposed to build the restoration centre in Petra. This was not properly planned and budgeted for on the part of the Jordanians. Hence, the Jordanians could not specify an end date for the project.
Continuation	Workshops with German experts will be held regularly to ensure the continuation of the flow of expertise to the Jordanians working at the centre. German experts will visit the centre for short and long periods of time to offer consultation (funded by both GTZ and the Department of Antiquities). From the above, one would notice that the Germans gave on the assumption that what they donated would be a permanent monument, presumably with a large plaque commemorating the fact.	The Department of Antiquities maintains the centre and all its related operations, the restoration equipment, and an archive system. The Department of Antiquities will seek funding from other German institutions to expand the project in the future. Yarmouk university conducts research on the site regularly.

4.3 Findings

This section summarises the findings from the documentation and interviews related to the Petra Stone Preservation Project.

4.3.1 Goals and Priorities

Despite clear goals, there remain unforeseen consequences such as lack of sustainability in personnel and general recipient policy.

Recipient: The Department of Antiquities' goals were to obtain the necessary restoration equipment, and train Jordanian specialists and staff to plan, execute and supervise conservation and restoration work on the Petra monuments. No exact figure for the number of staff to be trained was specified. This is due to lack of planning on the Department's part. There were no statements of work, work plans, performance indicators or any project documents prepared by the recipient, and thus it was difficult for the recipient to monitor performance and measure results. The first objective was considered by donor and recipient staff to have been attained. As for the second, the Department of Antiquities expressed itself at senior level as not satisfied with the number of staff trained which was two.

Donor: According to the GTZ's development policy in Jordan document, the main goal of GTZ in Jordan is to strengthen and upgrade local institutions, an effort that is referred to in the document as 'institution building'. To ensure the sustainability of the project and fulfil GTZ's main development assistance policy, GTZ required the Department of Antiquities to provide financial contribution to the project, in order to ensure better commitment to supporting the project by the recipient, by having the Department finance the building of the centre in Petra. Senior GTZ staff believe they achieved their goal, but this did require more effort and time than expected.

The GTZ implemented one further two-year phase of the project. The Department of Antiquities did not build the centre on time as agreed with the GTZ. The necessary extension to the time period also reflected levels of trust within the project. Interviews showed that GTZ did not trust the Department of Antiquities to finish the work on its

own; therefore they extended their experts' stay in Jordan for two more years until the construction of centre was completed. In addition, GTZ supervised all project finances to ensure that it is put to good use. This reflects lack of cooperation and coordination between the two parties, and most importantly, lack of mutual agreement on the objectives as well as work plans and time lines. This situation raises the issue of the conditionality of aid; and a question hereby arises: if the construction of the Centre by the Department of Antiquities was made a condition by GTZ to provide assistance with a provision to withhold funding if the Centre was not built by a certain target completion date, would this have had insured a better use of aid money?

For a reputable donor agency, like GTZ, that has been in the business for many years and has planned and managed development aid programmes in many countries, one would wonder what caused the poor communication and cooperation between GTZ and this particular recipient, and what is its impact on the success of the intervention.

4.3.2 Recipient Government Policies and Commitment

Recipient government employees have a major effect on the success of the project. It often depends on the personality of the people in charge, and their personal interests, to make or force decisions that may influence the level and nature of institutional involvement in a project.

At the beginning of this project, the Department of Antiquities' regulations did not allow for contracting personnel with sufficiently competitive salaries that exceed the government's regular salaries scale. However, the new Department of Antiquities director, who was assigned two years before the project was completed, was able, with some difficulty, to change these regulations and secure a sufficient salary for the director of the centre in order to keep her. This director, along with another specialist who like herself was an architect, was trained by GTZ over a seven year period. However, the salaries were not raised immediately and by the time they were raised the other specialist had already left for a better paying job. Retaining trained employees is a serious issue in development work. Unless the issue is addressed at the

beginning of the project, it might cause serious harm especially in terms of project sustainability.

The Director of the Institute of Archaeology and Anthropology at Yarmouk University who had been instrumental in the initiation of the project, moved to the Hashemite University to the post of Vice President. Due to the fact that he had been personally associated with the project, he continued to be involved after he moved. This led to the Hashemite University becoming engaged in the project and creating a database and information system for the project to compile all relevant information and maps on Petra. This shows that this activity was initiated because of one person.

Both examples illustrate the importance of individuals particularly those with key skills or in positions of influence on the progress and direction of projects. This is also true to only a slightly lesser extent of other categories of staff, working at other levels, particularly in middle management and as field operatives. These employees, in the case of Jordan obtain very low salaries, have no incentive awards, but do have permanent and secure jobs regardless of performance levels. As a result most of them lack motivation and show low levels of commitment to their work. In addition, there are disparities with other aid workers.

Evidence from the Petra project interviews supports this and indicates that Department of Antiquities employees:

- applied government rules literally and were not inclined towards 'problem-solving',
- did not care whether or not specialist (trained) staff were retained,
- did not make efforts to provide project workers with benefits or other incentives or even provide salaries on time, and
- did not make efforts to reduce obstructive bureaucracy.

This is a classic case of low-level accountability.

Lack of Coordination and Cooperation

There are a number of Jordanian institutions involved in the project, including: the Department of Antiquities/Ministry of Tourism and Antiquities, Yarmouk University, the Hashemite University, and the Higher Council for Science and Technology.

- The Department of Antiquities is the main GTZ counterpart. The Department of Antiquities built the centre, provided the manpower and is now running the centre and all its related operations in Petra. The Centre's main purpose is to restore the monuments in Petra.
- Yarmouk University is responsible for the research: As an integral part of the operation of the centre the laboratory facilities at the Institute of Archaeology and Anthropology (IAA) of the Yarmouk University have been upgraded and curricula revised in order to allow for a specialization in stone conservation. As part of this endeavour an open-air test field has been set up in a Nabataean quarry in Petra in order to make it possible to also study the behaviour of materials and certain application techniques for specific motors under the natural conditions encountered in Petra.
- GTZ gave financial contributions to the Hashemite University to improve its capacity in the field of image analysis and data collection with respect to building a comprehensive database on Petra for the uses of the Petra project. It is now the most comprehensive source of information on all issues related to Petra and its environment in the country.
- The Higher Council for Science and Technology (HCST) conducts some additional research and consultation work for the project. The Council has advanced laboratories that are used for scientific tests. The Council's labs were used for some advanced testing and its advisors were consulted on certain technical issues.

According to a number of senior management staff in those Jordanian organisations, there was little cooperation between them. This lack of coordination and cooperation between these parties prevented the project from achieving the best results. In addition, some problems in coordination surfaced during the implementation phase of

the project, especially between the Department of Antiquities and the two universities, due to differences in regulations. The Department of Archaeology at Yarmouk University wanted to be involved in the restoration operation in Petra through employing its laboratories and testing facilities, and assist the Department of Antiquities by researching stone properties and collecting data on material properties, but the Department of Antiquities did not utilise those facilities properly. In addition, the Department of Antiquities did not utilise the Hashemite University's comprehensive database on Petra that provides advanced capabilities in the field of image analysis and resources. The Department of Antiquities officials strictly applied the regulations that did not allow for flexibility in terms of exchange of staff, expertise and resources with the universities. Flow of information, especially from the government authorities to the universities also contributed to widening the communication and coordination gap between the different Jordanian stakeholders. This could be attributed to a number of reasons related to bureaucratic government procedures and regulations, bad relationship between the institutions, and lack of accountability of government employees and ownership issues.

In an attempt to reduce bureaucracy, GTZ suggested to handing over the project to one of the universities to run it in cooperation with the Department of Antiquities. The GTZ believes that Universities are less bureaucratic than the Department of Antiquities in the sense that they have less stringent regulations than government bodies', less complicated procedures, and more flexible management systems and salary scales. The Department of Antiquities refused GTZ's suggestion on the basis that the Department of Antiquities had invested in building the centre in Petra and did not want another institution to run it. In addition, as per the Department of Antiquities regulations, all national monuments and antiquities are solely the responsibility of the Department of Antiquities and other institutions are not to perform any experimentation or restoration on these monuments without the Department of Antiquities' permission and supervision. This, again, reinforces the control issue. Department of Antiquities prefers to retain power and control and thus it handled the issues from this narrow perspective.

The Higher Council for Science and Technology conducted some research on Petra during the project implementation, but did not coordinate with the Petra project on these studies or find ways to utilize them for the benefit of the project.

The Impact of Bureaucracy on the Project

As a government institution, the Department of Antiquities is strongly affected by bureaucracy. The Department of Antiquities staff claim that the commitment, dedication and efforts by the Department to push through the establishment of the Petra Stone Preservation Centre in Petra were against a background of bureaucratic obstacles and limitations related to budgeting and obtaining approvals. As a result the centre took two more years to complete than was intended, which resulted in a waste of money, effort and time.

Recruiting and Retaining Staff

When development projects are handed over to the recipient, they automatically become subject to its rules and regulations. These regulations are generally rigid and influenced by bureaucracy and government terms of employment. This usually causes problems and affects the continuity of the project.

The Department of Antiquities is bound by rigid civil service regulations. After the project was handed over to the Department of Antiquities, Petra project staff salaries fell within the government salaries scale which is low compared with other employment sectors. This created a problem both in recruiting additional staff and retaining existing qualified staff. The GTZ was acquainted with this problem from the beginning; however, they did not make any effort to resolve it. Their point of view is that they cannot interfere with the internal affairs and regulations of the Department of Antiquities being a government body and their only solution was that mentioned above, namely that the project be handed over to one of the universities in order to be able to raise the salaries and recruit qualified personnel. The Department of Antiquities refused because they had invested in building the centre, and also because

according to the Ministry of Tourism and Antiquities' regulations, all monuments' restoration works in Jordan should be under the auspices of the Department of Antiquities.

Two skilled architects were recruited and trained to manage the centre. The GTZ did not sign contracts with them before they were sent to Germany for training. Their salaries were low. After completing the training, one of them left the project and the other is now the director of the Centre at Petra.

The argument that supports providing low salaries that can be maintained by the recipient from the beginning, does not resolve the problem, simply because those employees will be qualified to take other better paying jobs after acquiring the necessary training. If low salaries had been offered when recruiting, the project would have found it difficult and perhaps impossible to appoint qualified staff. Conversely if less qualified staff were recruited and trained, they would in most cases lose them to better jobs after training. One solution is to commit the employees to the project by negotiating binding contracts with them before they are trained, but even then they would be free to leave after completing their commitment period.

In this case GTZ provided seven-year training programmes for five selected Jordanian staff to enable them to cope with the demands of modern restoration procedures and techniques. Emphasis was laid on building a skilled labour force taking advantage of the local people in Petra (known as Bedoul) who strongly identify themselves with this site.

The restoration work relies mainly on the five workers trained by the GTZ and who are essential to the sustainability of the project. Nevertheless, neither the GTZ nor the Department of Antiquities has signed contracts with these workers, and there is no backup for them should they leave. The architect, who was trained by GTZ and is now running the Centre, can supervise the restoration work but is not qualified to train additional restorers. The Department of Antiquities apparently did not bear in mind that these workers can get better job opportunities that pay better even within the Petra area.

After the project was handed over to the Department of Antiquities, these workers became subject to the Department of Antiquities' rules and regulations, and lost many privileges they enjoyed before. They identified their main problems as related to:

- their salaries – both in terms of the amount and regularity of payment. They were supposed to be paid on monthly basis, but on many occasions payments were delayed.
- health and safety provisions and insurance.
- transportation - the Department of Antiquities took over the project car; used to transfer the workers to and from the site.

4.3.3 Relationship between Donor and Recipient

The GTZ implemented one extension phase to the project. In their opinion, it was necessary to ensure that the efforts and investments made towards the creation of the Centre were secured and put to good use in the long-term. The greatest concern was that the Centre was not built on time as agreed with the Department of Antiquities. The GTZ did not trust the Department of Antiquities to finish the work without their supervision, as stated by the GTZ Project Director, therefore they extended the project duration for two more years until the Centre was completed. GTZ officials and experts believed that the Ministry neither had the capacity nor the commitment to complete the project on their own as they failed to fulfil their obligations according to the agreement and schedule agreed upon with GTZ.

Another important factor that extended the project time scale was that the restoration work and training was not continuous during the project. It depended on the presence of the German experts, who were available only three to four months a year.

In addition to concerns over the construction of the Centre under the Department of Antiquities' supervision, GTZ did not transfer project funds directly to the Department of Antiquities because GTZ believed that the Department was not capable of managing the funds properly. For this reason, GTZ controlled all finances during project execution to ensure they were committed in the way they believed to be

correct. GTZ claims that the Department of Antiquities wanted to use project funds to buy non-project related items such as furniture, office equipment, and cars for the Department's officials.

4.3.4 Sustainability

GTZ officials are not certain whether the process of building the capacity of the Department of Antiquities set in motion by the project will succeed and whether the Ministry of Tourism and Antiquities will invest enough manpower, financial resources and authority behind this institution –Petra Stone Preservation Centre– and enforce the necessary changes that would allow for the continuation of the project.

The greatest challenge for the continuation of the Petra project thus lies in ensuring that the expertise generated continues to be put efficiently into use and that such knowledge is being safeguarded and built upon.

The pilot study was designed to signal particular issues that arise in aid projects. Its aim and design was simple, and confined to just one monument. There should have been nothing complicated about it. However it became more than a pilot study since it produced evidence that remain significant.

Despite the overall control of the GTZ on what was ostensibly a simple and coherent project, there were unintended outcomes. The lessons to be learned included:
- the importance of the agreement between the donor and the recipient on project goals;
- personnel have high impact on aid outcome in an uninstitutionalised organisation;
- insurance of sustained production of project benefits for as long as projected depends on a number of factors, mainly the recipients' commitment to the success of the project; and
- that success and failure of aid projects differ from the standpoints of the donor and the recipient.

Chapter 5

Case Study 2: The Information and Communication Technology Initiative

Ministry of Information and Communication Technology

Funded by United States Agency for International Development (USAID)

through Access to Microfinance and Improved Implementation of Policy Reform

Program (AMIR)

(1998-2005)

The main goal of the Information and Communication Technology (ICT) Initiative is to develop Jordan as a regional ICT hub and a competitive exporter of ICT products and services.

5.1 Documentation

This is a summary of the data collected from the various documents related to the ICT Initiative as described in the documentation section in the methodology of the research chapter:

The research into this project began with an examination of the available documentation. This was produced by AMIR, USAID, the Jordanian Ministry of Information and Communication Technology (ICT), the Information Technology Association of Jordan (INTAJ) and the Telecommunications Regulatory Commission (TRC). Some of the documents were downloaded from the internet and some were obtained in hardcopy form from the above parties. This documentary material provides background and scene-setting information about the project.

5.1.1 The Donor

Microfinance and Improved Implementation of Policy Reform Program and USAID documents included: USAID policy and planning documents, the Congress's Foreign Assistance Act, Jordan's grant conditions document, USAID/Jordan programming policy documents, USAID's strategic plan, a number of AMIR's evaluation reports, AMIR's ICT Initiative white paper, e-government blueprint, staffing policy and regulations.

The Development Policy and Planning of the USAID

The United States Agency for International Development produces a multi-year Agency Strategic Plan (ASP). It offers a detailed description of USAID contributions to U.S. Government foreign policy goals articulated in the International Affairs Strategic Plan. The Annual Performance Plan and Budget Justification provide details on how the Agency Strategic Plan will be implemented and funded in specific years.

Regional Bureaus, the Bureau for Global Programs, Field Support, and Research, and the Bureau for Humanitarian Response select countries to which assistance is provided and determine management approaches. The selection criteria is determined by the strategic interests of the U.S. and is often decided at the U.S. administration and Congress level. The Annual Bureau Program and Budget Submission explain budget needs and programmes for a given fiscal year. Planning parameters for specific Operating Unit strategies are developed at the Bureau level.

Each Operating Unit develops a Strategic Plan that describes the Strategic and Special Objectives it seeks to achieve during a set planning period. The strategic objectives provide the basis for notification to Congress, and request of funds. At a country level, objectives are presented in the Mission Performance Plan prepared by the Embassy personnel. Teams are formed for each Strategic objective.

The Strategic Objectives team defines the outputs required to achieve strategic objectives, and the type of institutions involved and their role in delivering outputs

and managing results. It also produces detailed acquisition and assistance plans and bilateral agreements that form the basis for transferring funds from USAID to other entities. Strategic Objectives teams and Operating Units include the views of partners, and stakeholders, to help ensure that Strategic Objectives address development problems as perceived by the United States, are achievable, and produce sustainable benefits after termination of funding (UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, 2004b).

New Compact for Global Development Initiative

President George W. Bush announced in a speech in March 2002 that the United States will increase its development assistance by 50% over the following three years, resulting in a $5 billion annual increase over current levels. These additional funds are allocated to a new Millennium Challenge Account that was developed to fund initiatives to help developing nations improve their economies and standards of living (Bush, 2002).

The 'New Compact for Global Development' Initiative recognizes that economic development assistance can be successful only if it is connected to good policies in developing countries. Also, in good policy environments, foreign aid attracts private investment at a ratio of two to one (every dollar of aid attracts two dollars of private capital). In countries where poor public policy prevails, foreign aid can actually harm the very citizens it was meant to support, as foreign aid could be lining the pockets of corrupt authorities in these recipient countries giving them more resources and authority (Taylor, 2003).

The funds in the Millennium Challenge Account are distributed to developing countries that portrays a strong commitment toward:
- Good governance: Rooting out corruption, upholding human rights, and adherence to the rule of law.
- The health and education of their people: Investment in schools, health care, and immunization provide for healthy and educated citizens.

- Sound economic policies that foster enterprise and entrepreneurship: More open markets, sustainable budget policies, and strong support for development (Taylor, 2003).

President Bush instructed the Secretary of State and the Secretary of the Treasury to 'reach out' to the world community to develop a set of clear and objective criteria for measuring progress in the above areas (Bush, 2002). This was part of an explicit general intention to 'democratise' the world, especially the Middle East, giving aid an ideological underpinning.

United States Agency for International Development's Policy Towards Jordan

The United States Agency for International Development believes that 'Jordan plays a pivotal role in Middle East regional stability, combating terrorism, and serving as a model of reform. A critical domestic challenge is spreading the benefits of economic reform and growth more broadly within Jordanian society. It recognises that the economy is highly vulnerable to regional and global political and economic shocks, and that the closure of traditional markets and the effects of the September 11th terrorist acts in the United States have negatively affected Jordan's ability to overcome the many development challenges it faces' (UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, 2003, p.3). In addition to the justification for aid to Jordan that is articulated in the U.S. official documents, it is widely known that the U.S. assistance to Jordan stems from the fact that the U.S wants to have presence and maintain its influence in the Middle East. Because of its geopolitical situation that helps the U.S. to achieve these objectives, Jordan became one of the main recipients of U.S. aid. The language used focuses clearly on a political intention in the rhetoric –'model of reform, economic reform, and growth'. It also makes clear why Jordan is a particular target –'pivotal, combating terrorism and regional stability'.

The United States Agency for International Development acknowledges and appreciates the fact that 'the Government of Jordan, led by its King, has embarked on an ambitious programme of far-reaching economic and social-sector reforms. This

multi-faceted plan to accelerate the national social and economic transformation in Jordan is based on an aggressive growth budget over four years. This process is designed to maintain Jordan's macroeconomic stability and strengthen its credibility with the international financial community. USAID's operation in Jordan is well positioned to assist in this undertaking and to provide support' to Jordan which is seen as a 'key ally' and 'development partner through efforts in population and family health, water resources, and promoting the take-up of economic opportunities.' One can not deny the fact that the well being, stability and prosperity of Jordan is important to the U.S. because it contributes to the stability in the region. Supporting Jordan's macroeconomic stability means more economically satisfied citizens who, from the U.S. perspective, are less likely to disturb security in the region.

'It devoted $150 million in the FY 2002 to Jordan and $250 million in the FY 2003. USAID's program focuses on three strategic objectives (SOs): Improved Water Resources Management; Improved Access to and Quality of Reproductive and Primary HealthCare; and Increased Economic Opportunities for Jordanians. USAID works with the State Department and the Jordanian government to put in place mechanisms to program and manage the increased funding level' (UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, 2003).

Access to Microfinance and Improved Implementation of Policy Reform Program (AMIR)

The second 'AMIR Program is a three-year (plus one permissible extension year) economic opportunity program funded by USAID and implemented in partnership with the Jordanian private sector and government. The phase launched in February 2002, builds on the success of the original AMIR Program, which from 1998 to 2002 promoted economic growth and prosperity in Jordan through the development of a more favourable environment for business and investment.

In its second phase, the Program has broadened its scope by further engaging government and the private sector to expand the breadth and depth of the project's work across all initiatives. AMIR added new initiatives, increased public and private

sector participation, and expanded the program to include a major emphasis in the Information and Communications Technology (ICT) sector.' (ESCWA, 2003)

'In partnership with the people and government of Jordan, the AMIR Program is intended to help create a globally recognized Jordanian economic success story through focusing on five major initiatives' (AMIR, 2002). This is to establish Jordan as a regional ICT hub:

- The Business Management Initiative (BMI): The Business Management Initiative seeks to enable Jordan's private sector to more effectively compete in the global economy by strengthening its management skills and advocacy capacity. The initiative stresses the development and delivery of business management skills and training, focuses on the sustainability of market- and customer-driven business associations, and strengthens public-private partnerships. The initiative seeks to achieve these goals through providing technical assistance to businesses. The private sector is constantly promoted.

- The Private Sector Policy Initiative (PSPI): From 2000-2004, Jordan has dramatically improved its business and investment climate through extensive legal, regulatory, procedural and institutional reforms. To sustain this progress, the AMIR Program is designed to work with the private and public sectors to facilitate the adoption of international best practices and create institutions responsive to national economic goals and citizen needs.

- The Microenterprise Initiative (MEI): Through the Microenterprise Initiative, the AMIR Program aims to help create a more dynamic, sustainable microfinance market through improved access to financial and business services for microenterprises. This initiative focuses on the commercialisation and consolidation of the microfinance industry; increasing market opportunities and number of entrepreneurs and microenterprises; and promoting Jordan's microfinance industry nationally and regionally.

- Financial Markets Development (FMD): The FMD initiative's key strategic objectives are to enhance market regulations (another way of

putting it is encouraging private enterprise by loosening regulations), expand instruments of investment, improve the banking sector, expand new types of capital markets institutions that seeks to develop the housing finance market and loan guarantee market, and to work with the social security fund in creating such new instruments. The initiative aims to continue to provide assistance in developing equity market regulations and corporate governance, incorporating international standards with the cooperation from the US Securities and Exchange Commission (USSEC), and other world renowned institutions such as the Financial Services Volunteer Corps, National Association of Securities Dealers (NASD), and Fannie Mae. Investor education and public awareness activities are included in this strategic thrust (AMIR, 2002).

- The Information and Communications Technology Initiative (ICTI): 'The goal behind the ICT Initiative is to develop Jordan as a regional ICT hub/centre and a competitive exporter of ICT products and services. This initiative focuses on enhancing the complementary roles and functions of the Ministry of Information and Communications Technology and Telecommunications Regulatory Commission; accelerating e-government initiatives to streamline government operations; and generating new ICT opportunities and strengthening partners. Major initiatives include:

ICT Policy and Regulation
- Assisting the Ministry of ICT and TRC to implement ICT policy initiatives through the development of the Centres of Excellence Program

E-Government Development and Applications
- Validating e-government blueprint and formulating an operational e-government plan
- Supporting a strategic e-government approach
- Expanding scope and implementation of e-government fast-track projects

<u>ICT Industry Development</u>

- Providing technical assistance and programme development grants

<u>Increasing Access to ICT Services and e-Learning</u>

- Developing a strategy to ensure Internet access to all levels of Jordanian society
- Enhancing computer education in universities to meet industry needs. This will facilitate the entrance of university graduates into the market.
- Expanding the Ministry of Education's e-Learning Network
- Providing technology access grants and technical assistance to encourage ICT outreach and innovation' (ESCWA, 2003).

In the kind of language this is used in the documentation we see reiterated the idea of using Jordan as a 'globally recognised' model. This is an idea of a 'success story' based on free enterprise, privatisation and market forces.

Supporting USAID's Strategic Objective in Jordan

By helping Jordan develop the capacity for sustained, fast and equitable economic growth led by private sector initiative and facilitated by progressive government policy and regulations, AMIR directly supports USAID's Strategic Objective number five for Jordan: Increased Economic Opportunities. This strategic objective relies on three intermediate elements: (1) increased access to business services; (2) more effective identification and implementation of policy reforms; and, (3) an improved environment for sustained policy reform. The $13 million grant component of AMIR 2.0 is a key element in the achievement of these intermediate results. Unless otherwise approved by USAID, the total grants awarded under AMIR 2.0 are not to exceed $13 million.

AMIR 2.0 awarded a Program Development Grant of up to Jordanian Dinar equivalent of $1,000,000 to INTAJ, a non-profit organization that aims to represent,

and promote the Jordanian IT services industry in the international market, for organizational development activities that are integral to the association's long-range strategic plan (overall long-range plan for beneficiary's organization), including but not limited to, furthering of public-private sector partnerships and policy advocacy, improvement of services to members, support for training workshops and trade shows, and development of the information and communications technology industries in Jordan. Supporting public-private partnership, especially in ICT, is an important area of focus by AMIR and INTAJ as it supports for the removal of government constraints on the ICT sector and facilitates the participation of the private sector is government ICT-related initiatives and projects such as the e-government initiative. The grant is subject to annual implementation targets. It may be used to support partial program costs, promotional and training events, specialized technical assistance, IT solutions, commodities and other allowable costs. Other grants may be made to other beneficiaries under the ICT Initiative as deemed necessary and approved by USAID (AMIR, 2002).

5.1.2 The Recipient

The documents examined include: Jordan's ICT strategy and action plan (REACH), the National ICT Policy document, the Ministry of Education's ICT training strategy and programme, the Ministry of Education's ICT Strategy and Technology Standards & Performance Indicators for Teachers, Blueprint and Roadmap for e-Government Initiative, Telecommunication Law and Reuters reports,

National ICT Policy

This document lists Ministry of ICT commitments and long and short-term objectives for ICT in Jordan.

The Government of Jordan's Vision for National ICT is 'An Information and Communications Technology Sector in Jordan in which the free market is given the widest possible scope to contribute to improved citizen services and the economic

development of the country. It is the policy of the Government of Jordan to play its role by creating the legal, institutional, and commercial environment in which this market is nurtured, grown and sustained' (MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY, 2001). Though this vision looks clear and forceful, it is very ambitious as change in government and legislation is very challenging.

The Ministry of ICT, in cooperation with other ministries and agencies in Jordan, public and private, undertook a 'Connecting Jordanians' initiative where all concerned are aimed to be brought together under the auspices of the Deputy Prime Minister to concentrate on connectivity as a priority issue. All parts of the equation – computers, infrastructure, education, training, public access points, costs and content – are addressed. Educational reform is a particular priority. It is worth mentioning here that the development the ICT in Jordan is a priority for the King, and therefore many government officials sought to take part in developing the sector. There is, nevertheless, a potential contradiction between the central government control and the declared intention to bolster free market forces and individual initiative.

The Initiative was expected by the Government not only to establish the base for the future, but to create a new pedagogical approach to actually accelerate the process. High-speed, broadband connectivity to all the schools in Jordan by 2004 was set as an early goal. The Government of Jordan expected the E-Government initiative to be a pioneer in providing Arabic content and, thus, become a window for Jordanians onto the Worldwide Web. Given the limited resources and time, this early goal looks very ambitious.

In order to maximize the role of the ICT sector in the country's economic development, the Government of Jordan decided to merge the fields of ICT under the umbrella of a single Ministry, the Ministry of ICT. The restructured Ministry added IT to its main responsibilities for telecommunications and post to establish a policy framework in which all can develop.

The Ministry of ICT has committed itself in the document to creating the environment within which Jordanians have the best possible access to the best Telecommunications,

Post and IT services at the lowest possible price. It also serves as a single point of contact for governments, investors, and other stakeholders interested in the ICT sector in Jordan.

There are three broad areas of responsibility inherent in the above framework: for policy, where the objectives of the Government of Jordan were made explicit; for regulation, where sound procedures were put in place to ensure a competitive environment and protect consumers' rights; and for operation, where widest scope is given to the private sector, within the policy and regulatory constraints, to create the expected economic activity (MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY, 2003). However, the margin of freedom which the current regulatory system allows for the creation of the expected activities remains an important concern.

'The Ministry of ICT will make every effort to learn the views of all stakeholders in ICT in the drafting of its policies' (MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY, 2003). It has already made a practice of regular, public consultation with a representative body of stakeholders to ensure that the views of all concerned are taken into consideration in the formulation of its policy guidelines. However, how much these consultations or views of stakeholders will be taken into account will determine the success of the partnership and consultative process. The intention explicitly stated in the documents was to make sure that 'the hand of government …will be light'.

The potential contradiction remains despite the calls for free enterprise. The Government of Jordan, represented by the Ministry of ICT, stated in their documents that **Regulation** will play a carefully structured role. Regulation of Telecommunications, Post, and IT are to be carried out in the most transparent manner possible, but regulation of telecommunications will follow traditional models. Given the complexity of the technical and legal issues in IT, however, other laws and regulations must ensure competitiveness, technical standards, privacy, data integrity, security, and the safeguarding of intellectual property rights. While no formal regulatory regime is envisaged for IT, the Ministry of ICT is meant to ensure that the legislative and commercial environment works to the benefit of all concerned.

The Ministry of ICT's documents also stated that the Government of Jordan has begun implementation of an e-Government programme as a means of improving services to businesses and people, advancing economic and social development, and improving the competence of internal government operations. According to the Jordanian e-government policy paper, a number of fast-track projects that were identified, aimed to provide opportunities for Jordanian software firms to sharpen their skills while they contribute to the e-Government process. Since information must be available in Arabic to be of widespread use to citizens, the process will help to bridge the digital divide in the country.

The Ministry of ICT has been designated the entity responsible for the development of **e-Government** in Jordan. It emphasizes a private-sector approach, where government is seen as a service-provider and the citizens are seen as consumers, entitled to efficient, high-quality services at reasonable costs. E-Government aims also to improve the efficiency and productivity of government, whether in government to government, government to consumer, or government to business transactions. The fast track e-government projects aim to inaugurate the process, beginning with the placing of information on websites, followed by the interactive exchange of information, and leading to actual transactions where licenses can be renewed online. Later projects aim to identify candidates for subsequent automation (MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY, 2003). The goal set by the Jordanian Government was to bring all government transactions online by the year 2005.

Information Technology: Realizing the great benefits that IT development can bring, the policy of the Ministry of ICT aimed to improve the IT industry in Jordan and creating a favourable environment for IT companies to grow. This involves an analysis of the regulatory and commercial environment in Jordan, removing impediments to the growth of IT industry, measuring the impact of free trade agreements on the IT sector, highlighting opportunities for IT exports, and facilitating partnerships between Jordanian and foreign investors. The Ministry of ICT acts as the governmental spokesperson for all IT related matters and the champion of the Jordanian IT industry, inside and outside of Jordan (MINISTRY OF INFORMATION

& COMMUNICATION TECHNOLOGY, 2001). On the one hand is the belief in regulations, on the other the will to remove impediments.

Jordan's ICT Strategy and Action Plan (REACH)

In response to a challenge introduced by King Abdullah II in July 1999 for the private sector to prioritise the development of Jordan's IT sector, a group of members of the IT industry, supported by the USAID-funded AMIR Program developed a strategy and action plan identified as the REACH Initiative. This initiative was conducted through a research and consultation process with Jordanian IT industry leaders, in addition to international and local consultants. Whilst this was aimed at encouraging the private sector, it needed a central directive to set it up.

REACH is a national strategy/initiative for Jordan to develop an export-oriented IT services sector; preparing the way for Jordan to become a regional leader and globally (not just locally) recognized exporter of IT services and products. This comprehensive framework includes actions in:

- Regulatory Framework
- Estate (Infrastructure)
- Advancement Programmes
- Capital
- Human Resource Development

The overall objective was to develop an internationally competitive IT industry in Jordan—one that attracts foreign and local investments, generates high-value job opportunities, and produces substantial levels of exports in the near to medium term. The strategy implementation aimed to facilitate the modernization of both the Government and the private sector, ensuring usage of up-to-date information technologies and supporting businesses and citizens to realize their full potential. Finally, the long-term goal was to position Jordan favourably within the knowledge-based economy of the future. The aim was for Jordan to obtain a leadership position

in the region and in the world at large. Specific targets set by REACH underlying these goals include:

- 30,000 IT-related jobs by 2004. 'Based on employment levels and growth rates in other successful countries, achieving this objective is realistic and should be a key economic goal.'
- S$550 million in annual exports by 2004. 'This should be feasible given current growth rates of over 100%/year for IT exports from Jordan.'
- US$150 million in cumulative Foreign Direct Investment (FDI) by 2004. 'Within five years, this target is entirely reasonable, especially considering recent investments in countries such as Egypt (e.g., US$10 million single investment by Lucent Technologies) and other countries (US$45 million Technical Assistance Centre by Cisco Systems in Australia. If Jordan succeeds in attracting major players to IT service, production, and venture capital opportunities, this figure could be reached in three years or less.'

Secondary objectives in the strategy included social benefits such as improving public services and providing better education for Jordanians (REACH, 2000).

Role of the Ministry of ICT in the REACH Initiative

While reaching these goals was mainly the responsibility of the private sector, the Ministry of ICT is committed to creating the legal and commercial environment in which this would be possible. This includes presenting a package of legislation to the parliament where impediments to IT development in existing legislation have been identified and removed.

The second aspect of the policy was to create a market for IT in the country by increasing Internet accessibility to Jordanian businesses and citizens. The Ministry of ICT encourages citizens and businesses to use e-Government for their inquiries, transactions and procurement and coordinates efforts with investors and local private sector to introduce technology parks and training centres in Jordan. It also works with

the Ministry of Education to ensure that IT subjects taught in schools are relevant to current market requirements.

The social benefits of spreading Internet usage is supposed to reach all the citizens of Jordan. These include empowerment of citizens, improved public services and greater educational opportunities for all.

a) Strategy Overview

The plan that was developed to achieve these goals and economic targets consisted of time-bound actions within six strategic thrusts:

- 'IT Industry Development: The capabilities of existing IT services firms and the sector as a whole need to be upgraded to effectively compete in regional and global markets.
- Policy and Regulatory Strengthening: Success requires the establishment of a supportive regulatory framework for the IT industry, and streamlining of procedures.
- Human Resource Development: Long-term competitiveness depends on the ability of Jordan's educational initiatives to produce the quality and quantity of IT professionals that meet the requirements of the marketplace.
- Government Support: Total commitment and active Government leadership is required to stimulate, facilitate and promote the software and IT services sector.
- Capital and Financing: Innovative mechanisms are required to provide funding to the industry and facilitate Initial Public Offerings (IPOs) of successful companies.
- Infrastructure Improvement: Development of telecommunications and purpose-built physical facilities to increase the competitiveness of the IT industry, and the productivity of Jordanian IT workers' (REACH, 2000).

The second phase of REACH (REACH 2) review process identified 25 separate ICT-related laws for amendment to improve a regulatory environment that is supportive of ICT sector growth. Fifteen of those amended legislations and regulations have been

adopted since 2001. Drafts of five laws and regulations have been presented to the concerned authorities, but their review has been suspended.

A progress report on the implementation of REACH strategy states that the 'extraordinary' progress that has been made on the legislation could not have been achieved without the strong public and private sector support by the REACH initiative.

In August 2000, the third phase of REACH (REACH 3) process drew attention to the regulatory environment. Recognizing the accomplishments that have been made in resolving legal issues, REACH 3 participants questioned the merits of additional changes to regulations and laws that could promote ICT industry growth. Further liberalisation of the regulatory environment was also one of the objectives of the USAID.

INTAJ is active in lobbying the government to approve and update legislation that is receptive to the requirements of the industry. INTAJ promotes these reforms through the REACH Advisory Council (the Information and Communications Technology Advisory Council), a public-private committee established to oversee and facilitate the implementation of REACH (REACH, 2000).

b) Accomplishments

During the years 2000-2003, Jordan's ICT sector has grown from $60 million to $167 million, IT exports have increased by more than 350 percent, and employment has increased from 1,250 to 10,000 IT professionals (REACH, 2000). On the face of it, this looks like success, but the targets set for this period by the Jordanians were higher than what was achieved.

Ministry of Information and Communications Technology

The Ministry of Information and Communications Technology is responsible for implementing IT and communication policies in Jordan. It develops and supports

national ICT initiatives, encourages and supports local and foreign ICT investments, and has made big strides in the liberalization of the telecommunications sector.

The Ministry, through a public-private partnership, aims to create and promote new ICT opportunities in Jordan which facilitate the positioning of the country as a key regional player in information and communication technology, as a step to creating a knowledge-based economy. It aims at creating the enabling commercial, legal, and regulatory environment open for technology introduction as a vehicle for the larger socioeconomic development of Jordan (MINISTRY OF INFORMATION AND COMMUNICATION TECHNOLOGY, 2001). Those objectives laid down in the Ministry's mandate were in many cases constrained by the Ministry's limited institutional capacity and by the complexity of the Jordanian legal system.

Telecommunication Regulatory Commission (TRC)

According to a Reuters (2002) press release, in November 2002 the TRC announced its new vision for the information and communication technology (ICT) sector in Jordan. The vision seeks to ensure the accessibility of high-quality services to all citizens and businesses at reasonable prices, and to enable human and technological development.

The appointed Board of Commissioners outlined their revised operating structure, and announced plans to protect consumers in Jordan and create dynamic ICT opportunities. In November 2002, the restructured TRC became operational.

'The TRC will play a crucial role in creating a fairer, more open and competitive ICT environment, which will in turn attract greater investment in Jordan and improved telecommunications service standards for Jordanian citizens,' said the Minister of Information and Communication Technology (Reuters, 2002). The TRC was indeed successful in creating a better environment for developing the ICT sector.

Article 6 of the Telecom Law no 13 of 1995 and its amendments places the following obligations on TRC:

'To regulate telecommunications and information technology services in the Kingdom in accordance with the established general policy so as to ensure the provision of high quality telecommunications and information technology services to users at just, reasonable and affordable prices; and, by so doing, to make possible the optimal performance of the telecommunications and information technology sectors.' i.e. it regulated the ICT sector.

The Telecommunication Regulatory Commission was established in 1995. It reports directly to the Prime Minister, and enjoys legal independence; the TRC is entitled to own and dispose movable and immovable property that is needed to achieve its goals. Its main responsibilities include regulating telecommunications and information technology services in Jordan in accordance with the established general policy, establishing the basis for regulation of the telecommunications and information technology sectors, protecting the interests of users and stimulating competition.

5.1.3 Roles of Participants in the ICT Initiative

Being a national project that aims to develop Jordan as a regional ICT hub and a competitive exporter of ICT products and services, the ICT Initiative required the cooperation of a number of participants, including the Ministry of ICT, the Telecommunications Regulatory Commission, the Ministry of Education, the Ministry of Planning, the private sector (both domestic and foreign), and the AMIR Program. However, of these the main participants are AMIR and the Ministry of ICT. The roles and responsibilities of the different participants, as specified in the Jordan's ICT strategy and action plan (REACH) and the Ministry of Education's ICT Strategy, are noted below:

- The Ministry of ICT's role is creating the legal, institutional, and commercial environment in which the ICT market in Jordan is nurtured, grown and sustained.
- AMIR is helping Jordan develop the capacity for sustained, rapid and equitable economic growth through developing Jordan as a regional ICT hub and a competitive exporter of ICT products and services, by providing

technical and financial support to the Jordanian government and private sector.

- Telecommunications Regulatory Commission regulates telecom and IT services in Jordan in accordance with the established general policy in order to ensure high quality telecom and IT services to users at fair, reasonable and affordable prices so as to make possible the best performance of the telecom and IT sectors.

- The private sector is leading the REACH Initiative, and has set national objectives of creating IT related jobs, increasing exports, and bringing in foreign direct investment.

- The Ministry of Education is responsible for introducing e-learning initiative to schools, carrying out educational reform and providing high-speed, broadband connectivity to all nation's schools as part of the 'Connecting Jordanians' initiative.

- The Ministry of Planning assists in acquiring funding for some ICT projects and equipment.

The aim of exploring the documents of all parties involved is to identify the objectives set out by each of them to achieve the ultimate goal of developing the ICT sector in Jordan. The theory is that although all parties agree on the main goal, there exist disparities in their short term objectives and indicators that affect the overall impact of the aid program. In addition, there is a tension between central control and private initiative.

5.2 Interviews

Participants in the interviews included personnel from the different participatory bodies. This was to explore whether the laudable objectives were met and whether the possible contradictions in the documentary evidence were addressed.

AMIR/USAID: the Director of the AMIR Program in Jordan, the ICT Initiative Component Leader, the Component Leader of the Business Management Initiative, an

ICT Initiative Market Linkages Specialist, the ICT Initiative Coordinator, an e-government Specialist/ICT Initiative Component, an Economic Opportunities Specialist/USAID, and two AMIR ICT consultants working with the Ministry of ICT.

The Government of Jordan: the Secretary General/Ministry of ICT, the Director of ICT Policies/Ministry of ICT, the Advisor, Policy & Strategy/Ministry of ICT, the Advisor, e-Initiative/Ministry of ICT, an ICT specialist/Ministry of ICT, the Director of Fundraising/Ministry of Planning, the ICT Training Manager/Ministry of Education, the ICT Educational Strategy Advisor/Ministry of Education, and a member of the Telecommunications Regulatory Commission.

In addition, the Company Executive Officers (CEO) of two ICT private sector companies and the Director of the USAID-funded INTAJ were interviewed.

5.2.1 Background

Under the terms of the e-initiative policy and strategy advisors in the Ministry of ICT were recruited by AMIR to assist the Ministry in drafting ICT policies and strategies: Back in 2000, the government of Jordan wanted to modernize the operation of the national administration by introducing more transparent and effective principles and practices into its operations, in order to establish Jordan as a regional ICT hub and facilitate economic growth.

A vision for the ICT sector in Jordan was prepared following an ICT Forum (2000), which was held at a Dead Sea resort in March 2000. The REACH initiative report, prepared for King Abdullah II in 1999, was introduced at the Forum, which embodied Jordan's National ICT Strategy.

The main pillar of the government's programme was the establishment of the Ministry of Information and ICT and the re-engineering of the existing Ministry of Posts and Communication to undertake new responsibilities relating to this role.

The current Minister of ICT was appointed in the year 2000 to manage the transformation; the Ministry of Posts and Communications at that time had a very narrow capacity in terms of IT and communication technology. It comprised 2,900 employees of whom only five were concerned with policy. The rest were either in support positions or were dealing with the postal sector. The Minister could not undertake the necessary changes using existing internal staff.

As a result, USAID was approached by the Minister of ICT to assist in realizing this vision. USAID, through the AMIR Program, provided technical and financial assistance in the following terms, to:

- Articulate the policy of the Government of Jordan with respect to post, telecommunications, and information technology (IT) in a very short time.
- Lead and sustain Jordan's drive to become a regional info-com centre and digital hub.
- Be a champion of the Jordanian ICT industry in the country, the region, and the world; represent Jordan's interests related to ICT at international organizations and events.
- Set sound policy, provide government support and work with the private sector to develop information and communications technology (ICT) within Jordan.
- Plan, execute and coordinate Jordan's e-Government strategy in collaboration with other government agencies and serve as an example of effective exploitation of e-Government.
- Act as a catalyst to nurture a healthy and competitive market environment that stimulates private investments in the information and telecommunications sectors.
- Serve as a model for 'good governance' through adoption of private sector methods and as a 'centre of excellence' for ICT.

The Director of the AMIR Program and the ICT Initiative Component Leader noted that at that time there was no telecom or IT component in AMIR. This omission was corrected overnight. They identified the opportunity and the way to create tangible

change, and moved towards that and they were able to mobilise very quickly and create the foundation for ICT in Jordan.

Two members of the team of advisors responsible for drafting the ICT strategy mentioned that, at the beginning, the Government of Jordan's ICT policy was in the hazy shades of grey. With AMIR's help it was sharpened and developed, and a blueprint and roadmap was created. Also they stressed the fact that the new energetic Minister of ICT had the vision and knew what he wanted to do contributed a lot to the initiative, which was led by him, and made him more capable of mobilising support. The team of advisors was hired by AMIR to work with the Ministry of ICT to draft the ICT strategy and build capacity. It consists of four local and two global advisors. The team work closely with the Minister of ICT .

5.2.2 Goals and Priorities

According to the Director, the great strength of AMIR was in funding institutionalisation and capacity building and investing for the long term and in the change process.

The ICT Initiative Component Leader and the e-government Specialist at AMIR pointed out that AMIR cannot give grants to government bodies; instead, they build the capacity of the Ministry. One of the outcomes was intended to be that it will have the ability to convince others of the importance of its activities, thus empowering it to fight for its own funds. However, the team of advisors at the Ministry mentioned that AMIR did provide them with furniture and equipment.

AMIR staff emphasised that it invested in institutionalising the industry, the Ministry, the e-government programme within the Ministry, and investing back then in institutionalising the TRC. They were also planning to help in the institutionalising of the National Information Centre (NIC). The outcome of this investment confirmed to be positive by other respondents from the Ministry of ICT and TRC.

All participants in the programme on the Jordanian side agree that the government of Jordan and REACH have 'set the bar too high' in terms of early goals. Some Ministry of ICT respondents believe that this is to motivate and push people to work harder. However, others also within the Ministry take the view that this is not deliberate, but is a reflection of the rapid changes in ICT technology. On the other side AMIR officials believe the goals were not necessarily exaggerated but rather were not all achieved because the vision was not clear at the beginning. They also stressed the fact that AMIR did not set goals; instead they try to help the government and the private sector to reach the goals they have set (Examples of the early goals: 'High-speed, broadband connectivity to all the nation's schools by 2004' and '30,000 IT-related jobs by 2004').

AMIR's ICT Component Leader pointed out that the project activities that AMIR implemented on its own, without the participation of other parties, were successfully achieved. By way of example he pointed out that there were eight fast-track e-Government projects set up at the end of 1999. AMIR took two of these projects and was able to deliver both by the end of 2001. The two projects are the Company Component Directorial under the Ministry of Trade & Industry & the TRC licensing online. None of the other six projects that were supposed to be implemented by the Ministry were delivered on time. This was mainly due to capacity constraints at the Ministry and to its over ambitious work plan.

5.2.3 Relationship between Donor and Recipient

The team of advisors pointed out that AMIR gave them the opportunity to operate independently. They were not asked to report to AMIR as the component leader was part on the team. There were no conditions imposed by AMIR on the Ministry. However, there were some preconditions agreed upon between the Ministry and AMIR.

Officers from the Ministry of ICT are of the view that AMIR was flexible enough to accommodate some additional and special requests and changes introduced by the Ministry of ICT during project implementation and which were not agreed upon from

the beginning. AMIR sources pointed out that AMIR is open to change provided it is within their scope of work and resources.

At the same time, AMIR's ICT Initiative Component Leader acknowledged that the Jordanian government was very cooperative in terms of amending a number of Jordanian regulations that hindered the implementation of the ICT development plans.

To put this in perspective, a Policy advisor at the Ministry took the view that because four out the six members of the team of advisors responsible for drafting the ICT strategy were Jordanians, Jordan was in practice managing its own aid money and was therefore empowered to make the required changes. However, another policy advisor also from the Ministry believed that AMIR could have provided much more technical support. He felt they should have maintained more oversight over the project to ensure that everything was going according to plan. Nevertheless it should be noted that such close involvement was not requested by the Ministry of ICT.

AMIR's ICT Component Leader noted that AMIR can outsource to and contract Jordanian companies and there is no limit on the size of the contract operation and budget. At the beginning AMIR was dealing only with U.S. companies because Jordanian companies did not have the ICT expertise. But this skill has been developed and now there is a consortium of five Jordanian companies (CNS, Estarta, STS, ITG, and Allied Software) that are carrying out the e-government Initiative. There is an implementation unit for e-government in the Ministry of ICT - called the Program Management Office (PMO). AMIR provided the consultancy, structure, set up, and commissioning of PMO before handing it over to the Ministry.

The Director of INTAJ indicated that in return for AMIR's support, AMIR asked INTAJ to focus on certain issues related to USAID's development policy (e.g. Focus on gender equality – minimum percentage of female participants in INTAJ's events to be 25%). AMIR negotiated with INTAJ the terms to match their policy priorities. 'It was not important for INTAJ or the Ministry of ICT to touch on gender equality issues' as their main focus was developing the ICT sector, as stated by the Director of ICT Policies at the Ministry of ICT and the Director of INTAJ. However, the Director

of INTAJ continued, 'we had to address gender issues because if we didn't, AMIR might not have agreed to give us the funding'.

5.2.4 Aid Management

In considering overall outcomes there was a reasonable level of agreement between respondents from AMIR and from the Ministry of ICT. Personnel who have worked on the project from the beginning, take much the same view of the total impact:

In AMIR 1.0 there was a major transformation in the institutional capacity of the Ministry. This was due to the quality of the people working on the project who also were allowed and empowered to work independently, and to the leadership provided by the minister himself.

AMIR 2.0 had a lot more money than AMIR 1.0. But in AMIR 2.0, the project was taken out of the Ministry of ICT and put inside AMIR itself. The reason for this was that USAID was not comfortable with the previous arrangement because it had little control over the implementation process. As a consequence, bureaucracy increased.

The concern of USAID was expressed by a USAID Economic Opportunities Specialist who noted that they thought it was too big a responsibility for the six key employees of the Ministry to be drafting all the strategies to be adopted. Nevertheless the speed by which AMIR 1.0 was able to launch the telecom components to support the Ministry's vision was unparalleled. In AMIR 2.0, when they went back to basics and tried to structure the process more formally, achieving results became both slower and more difficult.

Both AMIR and the Ministry strategists when approached for this research agreed that the change AMIR was able to achieve in terms of developing the ICT sector compared to the amount of money and effort invested during AMIR 1.0 was noticeably greater.

The Director of ICT Policies at the Ministry went further and expressed the view that in AMIR 1.0 USAID had to be lean and efficient because the money was limited. In AMIR 2.0 USAID required the implementation process to be more structured and strictly planned and managed because the level of funding was greater. Much of this extra funding was needed for the growing bureaucracy.

5.2.5 Recipient Government Policies and Commitment

Policy & Strategy Advisors at the Ministry of ICT said that there was massive delay in recruiting personnel for the project. In considering this AMIR management were clear that it was because it was difficult to recruit under the government system and difficult to find qualified people. The Ministry then resolved the problem by providing more competitive salaries through contracts outside the government scale. As a result around 50% of the salaries of the Ministry staff involved were higher than the wage scale of the government. This again emphasises the importance of leadership and the need for a flexible, problem-solving approach.

AMIR respondents noted that in their view it was not that the government system did not work, and indeed they acknowledged the need for much of the bureaucracy, but the system only became flexible and able to achieve results when key people became convinced and positively involved. The ICT business plan was submitted to the parliament in Oct 2002 and was approved in June 2003 largely because key senior staff at the Ministry of ICT managed to convince the government of recruitment needs for the process to proceed.

The Director of ICT policy in the Ministry pointed out that the Ministry of ICT still suffers from government bureaucracy in its internal daily transactions (eg: the Jordanian government procurement cycle remains very complex) and consequently sometimes the Ministry uses the AMIR procurement system to simplify procedures.

The Regulatory Framework

According to information provided by a member of Telecommunications Regulatory Commission (TRC), the Commission's new structure, described in the Amended Telecommunications Law of March 2002, created a board of full-time commissioners with diverse backgrounds, including legal, technical, regulatory and commercial components.

The TRC Law requires that the Commission to regulate independently from the Ministry of ICT and the Government of Jordan but in accordance with the general policies of the Ministry. It created a new set of responsibilities, including promoting the development of the ICT sector, protecting the interests of users, preventing anti-competitive acts, and developing interconnection rules. To advance these the TRC had a number of short-term objectives, including a significant upgrade of its legal and regulatory resources, a key recruitment drive, and specialized staff training programmes.

5.2.6 Recruiting Staff

Members of the ICT advisory team at the Ministry of ICT indicated that an implementation plan for re-engineering the Ministry was prepared by a consultancy team recruited by AMIR to do the job at the Ministry. Central to the implementation plan was the objective of assisting the Minister of Post and Communications (now Minister of Information and Communication Technology) in staffing the new ministry.

Thus the main emphasis during this project period has been on the recruitment of managers and professionals for the Ministry. In specific, attention was given to recruiting Project Managers to be responsible for fast-track e-Government projects.

Additionally, recommendations were made in relation to continued human resource development assistance to Ministry of ICT under the AMIR Program as well as outline recommendations in relation to providing assistance to other government ministries under the AMIR Program. Other human resource-related activities were

only undertaken either in response to urgent need or to requests from Ministry senior management.

The Policy & Strategy Advisor at the Ministry of ICT noted that the most critical of all HRD challenges that Ministry of ICT faced was to recruit qualified, well-motivated managers and professionals. It is the stated policy of the Ministry of ICT not to compromise on quality in this area.

He also pointed out that it has been the consultant's experience that the traditional image of the Jordanian public service has made it difficult for the Ministry to attract high quality applicants. For this reason, the Ministry of ICT has advertised positions as appealingly as they can in leading newspapers. Moreover, the consultants have, by distributing copies of the advertisements to major organizations in the kingdom, called on the support of leading ICT sector players in Jordan to assist the Ministry in finding suitable candidates. The same adviser also mentioned that in order to target the widest possible audience for information on employment prospects at the Ministry, a presentation by the Minister of ICT appeared on Jordan TV to mark the milestone represented by the passing of the Telecommunications Law and the formal change of name and role of the Ministry. The presentation appeared on the evening news programme and followed the development of the Ministry from the idea of the King to the ultimate realization of the vision.

As a result of this promotional strategy the response to recent advertisements has been encouraging with the numbers of applications received having increased by approximately 100%. Realising the importance of recruiting and retaining qualified staff by the Ministry at an early stage was apparently a positive sign. The theory is that the impact of personnel is key to ensuring aid effectiveness and, more importantly, sustainability.

5.2.7 Challenges Encountered

Policy & Strategy Advisors highlighted in particular one of challenges encountered. Some of the consultants who were provided through the project as well as some of the

newly recruited staff did not meet the expectations of the Ministry. To some extent this was anticipated, but nevertheless it was considered by the Ministry to have had a significant negative impact. But in addition to the issues of project staffing, AMIR's ICT Initiative Market Linkages Specialist stated his belief that there has to be cultural change for the successful introduction of ICT through the whole society of Jordan. Jordanian citizens, specially the elderly, are not used to using computers and internet, and thus would not be able to benefit from the information and communication technology developments happening in Jordan and the electronic services provided for them by the government and the private sector. For example, Jordanians are used to paying their bills and taxes in person at government departments, and thus it would not be easy for them to use e-government services to pay off their financial obligations. A number of Ministry of ICT employees believed that it is going to take some time before the Jordanian society start to accept and use advanced information and communication technologies. This reinforces the theory set out in this research concerning the importance of addressing cultural issues and cultural changes that might accompany the development process.

5.2.8 Sustainability

AMIR sources say that the team recruited by AMIR to draft the ICT strategy and build capacity consisted of four local and two ex-patriot advisors. At the beginning of the project, all advisors were paid directly by AMIR. Now, and according to a previous agreement between the Ministry of ICT and AMIR, there is to be a gradual transition which, when completed, will see all staff paid entirely by the Ministry of ICT as the AMIR Program phases out.

5.3 Findings

This section summarises the findings from the documentation and interviews related to the Improvement of ICT Initiative.

5.3.1 Goals and Priorities

In its effort to develop Jordan's economy and in accordance with its overall objectives, AMIR supported a number of reform initiatives to increase the effectiveness and efficiency of government institutions in order to set the platform for a healthy economic development process. In addition to supporting the ICT private sector, one of AMIR's main priorities for the ICT Initiative was to build the capacity of the Ministry of ICT to become able to perform its duties and develop the ICT sector in Jordan.

Both AMIR and the government of Jordan share the same main goals for the project which are developing the ICT sector and consequently achieving economic growth. Nonetheless, both AMIR and the government of Jordan have different secondary objectives and different priorities. AMIR is concerned with achieving gender equity throughout all of its projects and programmes including the ICT Initiative. The Ministry of ICT, on the other hand, sets as priorities the providing of high-speed broadband connectivity to all schools and creating job opportunities for the Jordanians. The Ministry of ICT incorporated the gender component in the project upon AMIR's request which contributed to implementing AMIR's broader development policy. The gender focus in the long run, however, is not likely to be sustained by the Government of Jordan because it was an imposition by the donor and not something that originated by the recipient.

In this project, the government of Jordan was seeking quick and very visible results and has set specific and very ambitious targets to achieve in a limited time. The government assumed that it can replicate the success stories of a number of countries that share same characteristics. In those countries, industries associated with ICT have driven economic change through a literate workforce capable of being trained rapidly in IT skills. Ireland, Israel, and India are examples of countries that have grown rapidly due to their investment in ICT. This reflects the lack of proper planning on the part of the recipient.

The policy followed by the government of Jordan was intended to ensure that the country takes maximum advantage of the opportunities introduced by the information

society to increase productivity across a wide range of IT industries with associated gains for employment. Jordanian government officials believed that Jordan was positioned to make a big leap into the networked world at the onset of the twenty-first century and that it was uniquely positioned to play an increased role regionally and globally; with a young, literate, well-educated society which was already providing manpower and technical expertise throughout the Arab region especially the Gulf. The government further believed that opportunities (as well as challenges) were great and that it should react quickly to take maximum advantage of the situation. This ambition has always been a driving force in Jordanian development planning.

Questioned about the government of Jordan's ICT policy, government officials admited that the government has set the bar too high in terms of early goals, and that it relied on input that changed at later stages. As indicated some Ministry of ICT sources say the bar was set high to motivate and push people to work harder; others say it's because IT technology changes constantly worldwide. While AMIR officials stressed that AMIR did not set goals. Nobody was willing to take responsibility. None of them would wish to admit that there were any faults. They therefore explained the failure to achieve what was hoped by saying that the targets were too ambitious.

The interview data shows that AMIR focused mostly on institutional capacity building and the political and legal conditions that are perceived to underpin a successful knowledge-based economy. It believed that a reliable legal context and sound policies are prerequisites to the ICT development in Jordan. AMIR also believed that developing Jordan as a regional IT hub and a competitive exporter of ICT services and products depend on the quality of the infrastructure, institutions, regulations and other policies that constitute the business environment in which Jordanian firms compete, and on the nation's operating practices and strategies.

AMIR's assistance policy does not represent an agreed holistic approach in a number of crucial respects. The timeline between providing assistance and actual changes in behaviour and the actual achievement of outcomes is much longer than anticipated by the government of Jordan. Their approach to reform requires permanent, stable changes of many interrelated factors. This policy also requires the cooperation of a large number of participants. It involves different parts of the government and private

companies, both domestic and foreign-owned; i.e. AMIR Program's policy was supposed to be deeper and more structured.

Below are some early goals that were not achieved according to government plans:

- As part of the 'connecting Jordanians initiative' by the Ministry of ICT in cooperation with other ministries and agencies, aimed at addressing connectivity, an early goal of establishing a *high-speed, broadband connectivity to all the nation's schools by 2004* was set. This was not achieved and this was acknowledged by government officials.

- A number of e-government fast-track projects were implemented as a means of providing improved services to businesses and individuals, promoting economic and social development, and improving the efficiency of internal government operations. These projects aim to provide opportunities for Jordanian software firms to improve their skills while they contribute to the e-government process. The intent is to *bring all government transactions online by the year 2005*. There were eight fast-track e-Government projects set end of 1999 to be completed end of 2002. No more than two projects, (which are the ones implemented by AMIR), were delivered on time.

- REACH, the national ICT strategy for Jordan, which was conducted through a consultation and research process with Jordanian IT industry leaders and was led by the private sector, aimed to develop a vibrant, export-oriented IT services sector. It has set specific targets underlying these goals: '30,000 IT-related jobs by 2004', 'US$550 million in annual exports by 2004', and 'US$150 million in cumulative FDI by 2004'. None of these goals were achieved and this was acknowledged by government officials and private sector leaders at the launch of the 4th phase of REACH initiative in October 2003.

Jordan's IT sector has not developed at the speed it was initially hoped by the government. However, as demonstrated by Jordan's e-Readiness Assessment Report by McConnell International (2002), Jordan is moving in the right direction and is on solid ground. The very high and, as it proved, exaggerated goals set by the

government and the private sector made achievements look less significant than they really are. Given the fact that the Ministry of ICT was newly established and that its capacity was still somewhat limited, it was obvious that the goals they have set were ambitious within the set timeline.

In addition to non-achievement, a number of goals set by the government and the private sector were altered as the projects preceded and it became clear that they were not on schedule. They realised that changes in government take time even when they were pushed as hard as possible, due to budgetary and capacity constraints. Also, government is a major employer in Jordan and had to be aware of the social and economic impacts and responsibilities involved. Some government sources believe that the ongoing global changes in ICT technologies make it impossible to attain some goals on time and in their originally conceived form.

The main priority for AMIR which is building the capacity of the Ministry of ICT was successfully accomplished as a result of the project. And thus the Ministry became fully capable of performing its duties and supporting the ICT sector after the termination of AMIR funding.

5.3.2 Relationship between Donor and Recipient

The relationship between donor and recipient contributes to the success of any development project as it directly affects project implementation. Project agreements cannot envisage all contingencies that may affect the project and therefore cannot specify in advance actions that authorities should take in response. When good relationship and understanding between donor and recipient exist, decisions on such actions are likely to be made constructively and quickly. Both AMIR and the Ministry of ICT enjoyed a very good relationship especially in the first phase of the project.

The Strategic Objectives team of the USAID produces detailed acquisition and assistance plans and bilateral agreements that form the basis for transferring funds from USAID to other entities. Strategic Objectives teams and operating units consider

the views of recipients to help ensure that strategic objectives address recognised development problems and are realistic.

United States Agency for International Development's policies and practice recognize that economic development assistance can be successful only if it is linked to good policies in developing countries. This is always part of the rhetoric of contemporary aid. Also, in sound policy environments, aid is supposed to attract private investment. The U.S. acknowledge and appreciate that the Government of Jordan, led by its King, has embarked on an ambitious programme of far-reaching economic and social-sector reforms, and argued that USAID/Jordan is well positioned to assist in this undertaking and to support Jordan as a country with good governance (and which is also a key strategic ally). This indicates that the aim for USAID was clear, as was its long term ideal and political intention.

From the very beginning of this project, AMIR joined with the government in drafting the policies and strategies for developing the ICT sector. Hence, blueprints and roadmaps were agreed upon by donor and recipient and both shared the same long-term goals and an understanding of the implementation process.

Both AMIR and the Ministry of ICT were very flexible and cooperative with each other. Each party responded to requests for changes in the project made by the other party during the implementation which contributed significantly to the success of the project. AMIR contracted Jordanian companies to carry out the ICT projects despite USAID regulations that allow only American companies to implement U.S.-funded projects. Thus, this contributed to the development of the Jordanian ICT private sector. On the other hand, the Ministry of ICT responded to requests by AMIR to amend a number of laws and regulations to support the ICT initiative.

A donors' trust in a recipient's good governance minimises their involvement and gives recipient more freedom to operate independently. This has two consequences. First, the donor provides less administrative, and sometimes less technical, to the project to ensure that it is going in the right direction. Second, the development process is left entirely to the recipient who is fully aware of, and will take proper

account of, the country's individual circumstances, including its culture, economic priorities, political conditions, and traditions.

Because the government of Jordan seemed to have a clear vision for ICT and had proved to have good governance by World Bank and USAID standards, USAID through AMIR wanted to support Jordan's ICT revolution. AMIR saw a chance of investing less money and at the same time getting big returns and having a high impact. Some donors sometimes go out of their way to fund projects that are not within their development strategies, provided that a recipient government enjoys a good policy environment that favours aid effectiveness, and has clear vision and goals for the project that will make high impact on the development of the country.

The best environment that leads to the success of a development project is the one in which the policy content of the project designed by the donor is similar to what the recipient government needs or what they would have chosen in the absence of the donor involvement, because the recipient government shares with the donor the objectives and the mechanism of implementation of the project. This also leads to a successful understanding between the donor and recipient over project details.

5.3.3 Aid Management

AMIR, an economic opportunity programme, was carried out over two phases; each phase was a four-year programme. The first phase, from 1998 to 2002, promoted economic growth and prosperity in Jordan through the development of a more favourable business environment. The first phase did not have ICT among its initiatives, but AMIR managed to secure funding to support the government of Jordan's ICT vision at the government request. In its second phase, AMIR Program has extended its activities with government and the private sector. AMIR added new initiatives placed a major emphasis in the ICT sector.

Thus when the first phase of AMIR came to an end and the second phase started it was with a bigger budget for ICT. AMIR's involvement in project implementation was minimal during AMIR's first phase where massive transformation and capacity

building were achieved in a short period. An important factor that made this vast transformation possible was that the qualified staff who were recruited to do the job were given a big margin of freedom and were empowered to work independently. This was mainly due to the fact that the staff were qualified and acquainted with the Jordanian ICT sector. Because they were Jordanians, they were aware of the various legislation, regulations and bureaucratic government procedures and transactions that affect the daily lives of the Jordanian people. Also AMIR had to be lean because the money was little. But the amount of change the first phase of AMIR was able to achieve compared to the amount of investment was considerably greater.

With the substantial change and the institutionalisation of the Ministry of ICT made by AMIR 1.0, USAID felt obliged to maintain the success but at the same time minimise the risk. Hence, the degree of involvement became greater in AMIR 2.0 with the big increase in budget and it went back to some bureaucracy in the organisation and stricter regulations were implemented. As a result, the implementation process slowed down, and less progress was achieved. USAID wanted to be more involved in and in control of the implementation of the second phase of the project because it invested much more money in it than in the first phase. It was a big financial responsibility for the USAID, more than the Ministry of ICT's personnel could handle. Consequently, results were not as good as anticipated and success was not as significant as in the first phase.

There is naturally a relationship between the way a donor looks at a recipient government's abilities and the degree of involvement which they expect to have. In AMIR 1.0 which achieved a high degree of success in meeting its targets, it is clear that USAID involvement was relatively low because they recognised a good degree of competence and ability on the part of the Jordanian government.

If the model of AMIR 1.0 was followed in AMIR 2.0 the donor should have been even less involved in the project as the degree of competence expected had already been proved by the Jordanian government and the Ministry of ICT was better poised to carry out the second phase of the project after its capacity was built during the first phase.

Although in AMIR 2.0 the government's capability and management was superior to its capability in AMIR 1.0, the amount of donor risk increased due to the larger budget. In this case, another issue was introduced that created another criteria through which to determine levels of involvement. Therefore, in order for there to be a continued low level of donor involvement in AMIR 2.0, there needed to be a much higher level of confidence in the recipient side than had been demonstrated by AMIR 1.0.

This supports the hypothesis introduced by this research concerning the level of donor's involvement in the implementation of aid projects. For better results in a development project, there has to be a clear relationship between a recipient's governance capability and the extent of a donor's direct involvement in project implementation; the more confidence the donor has in the recipient government, the less the degree of direct involvement. The donor's level of involvement in the project's implementation should be determined in the strategy or the statement of work set by the donor. Donors usually follow a standard procedure with regard to their involvement in implementation that depends on the amount of funding, and the type of assistance. This case study, in addition to the pilot study, shows that donors should plan for their level of involvement in the project's statement of work based on an initial assessment of the recipient's institutional capacity and quality of governance and taking into account related cultural aspects.

5.3.4 Recipient Government Policies and Commitment

In its efforts to boost Jordan's economy, and despite its limited natural resources, the government of Jordan sought to develop Jordan as a regional IT hub and a competitive exporter of ICT services and products, and was fully committed to achieving this goal. King Abdullah's involvement and support of Jordan's ICT sector development influenced the government to become more committed and utilise all available resources to achieve this goal.

With all good intentions, the Ministry of ICT committed itself to creating the environment within which the citizens of Jordan have the best possible access to the

best telecommunications and IT services at the lowest possible price. It served as a single point of contact for governments, investors, and other stakeholders interested in the ICT sector in Jordan. The TRC's new structure, described in the Amended Telecommunications Law of March 2002, created a new set of responsibilities for the TRC, including promoting the development of the ICT sector, protecting the interests of users, preventing anti-competitive behaviour, and developing interconnection regulations.

The Ministry, as the body that is responsible for the achievement of national goals and objectives within ICT, has different means and relationships at its disposal through which to achieve them. These include the legal responsibility of the Commission to regulate in accordance with stated government of Jordan policy, direct action by the Ministry of ICT in certain areas, and initiatives that are initiated through or in collaboration with other government and trade organizations. The Ministry accordingly has broad authority of oversight and action within the sectors that comprise ICT (MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY, 2001).

The dedication by the government was a main factor in the success of the ICT initiative. Because the government is fully dedicated, it became flexible and managed to find ways to work through the strict government system. The Ministry realised the importance of recruiting qualified personnel to do the job, but it was difficult to hire qualified people under the government structure. It managed to break that ring by providing competitive salaries. Also, the Ministry tried to present a different image to the Jordanians for ICT jobs at the Ministry than the traditional image of the Jordanian public service jobs in order to attract qualified applicants. As compared to the Department of Antiquities in the previous case study, the Ministry's commitment to the success of the project and the extra effort they invested to insure recruitment and retention of qualified staff, had a major contribution to the effectiveness of the aid project, while the lack of commitment on the part of the Department of Antiquities caused a waste of donor money and effort as well as a negative impact on the effectiveness of the project in the short and long term.

Because of what appeared to be a high level of commitment by the government of Jordan who had a sound vision for ICT sector development, AMIR, who had no telecom or IT component in their original programmes, wanted to support Jordan's IT revolution and therefore added an ICT component to its original statement of work. AMIR identified an opportunity to create tangible change, and could see a success story that would make a big impact. This, according to respondents from AMIR, would make USAID look good before their taxpayers and justify what they do. This also is inline with the theory presented in this research regarding the donor's commitment to their taxpayers being a powerful stakeholder in aid policy and decision-making.

A development project outcome is dependent in large measure on the environment created by government policies. A development project that comes from a national strategy will receive support from the recipient government more than a project introduced by the donor, such as the Petra Project in the previous case study, since it is likely to be seen as an indigenous product, rather than an imposition by a foreign entity. The World Bank's Operations Evaluation Department (OED) assigns a rating to the government's commitment for each project using a variety of objective and subjective indicators. The positive relationship between the project outcome and the government commitment appeared to be very strong and statistically significant (World Bank, 2004). And as shown in the two case studies, the government is more committed to supporting the aid projects that it proposes initially.

5.3.5 Sustainability

Both AMIR and the Ministry of ICT were very determined to ensure sustainable benefits of ICT development projects in Jordan. Part of the Ministry of ICT scope is to transfer the development projects to local expertise before the handover. While one of USAID's grant conditions is that the recipient has to prove that project will become self-supportive after three years.

The AMIR Program always included the views of the recipients in all its initiatives to help ensure that their goals address the perceived development problems and projects produce sustainable benefits after termination of the funding.

Chapter 6

Case Study 3-Improvement of Water Supply System to Greater Amman Project

Ministry of Water and Irrigation

Funded by the Government of Japan

through Japan International Cooperation Agency (JICA)

(1998-2002)

The issues from the previous two case studies related to foreign aid effectiveness included the effects of declared and hidden objectives, the sustainability or sustainable benefits of aid projects as they relate to human resources, the management of aid projects, the relationship between the quality of governance and institutional capacity of the recipient institution and the level of involvement of donor agencies in project management, Aid projects initiated by the recipient are more likely to succeed than the ones initiated by the donor, the objectives or activities imposed by the donor that are purely a reflection of its own political values, such as gender considerations, are not likely to be sustainable, and a good relationship between the donor and recipient is essential for the success of the intervention.

6.1 Documentation

This is a summary of the data collected from the various documents related to the Improvement of Water Supply System to Greater Amman Project as described in the documentation section in the methodology of the research chapter:

6.1.1 The Donor - Japan's Official Development Assistance (ODA)

Japan stands as the top donor in the world in terms of net ODA disbursement and in 1992, the year it published its policy guidelines, it was the major donor in 25 countries. Japan's provision of economic cooperation is based on the concepts of

humanitarian and moral considerations and the recognition of interdependence among nations (JAPAN INTERNATIONAL COOPERATION AGENCY, 2003). The Japanese government provides ODA after taking into account the following four principles cited in the ODA Charter of 1992.

- Environmental conservation and development should be pursued in tandem.
- Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- Full attention should be paid to trends in the recipient countries' military expenditure, their development and production of weapons of mass destruction and missiles, their export and import of arms and so on, in order to maintain and strengthen international peace and stability.
- Full attention should be taken of efforts towards democratization and the introduction of a market-oriented economy, the situation regarding the securing of basic human rights and the level of freedom in the recipient country.

There appears to be a big difference here in terms of the focus of JICA's principles as they range from the environment to peace and democratization. Whilst the environment in terms of conservation and development comes first, it is confused with political and economic imperatives in terms of market-orientation and democracy, but all wrapped around a proviso (or a warning) that the core value is the avoidance of military conflict.

There are three main categories of ODA:
- Bilateral Grants (Grant Aid and technical Cooperation),
- Bilateral Loans (Loan Assistance, generally known as 'Yen Loan'), and
- Contributions and subscriptions to multilateral donor organization.

The major portion of bilateral grants is undertaken by the Japan International Cooperation Agency, while the Overseas Economic Cooperation Fund (OECF) is in charge of bilateral loans.

Figure 6.1 Categories of Japan's Official Development Assistance
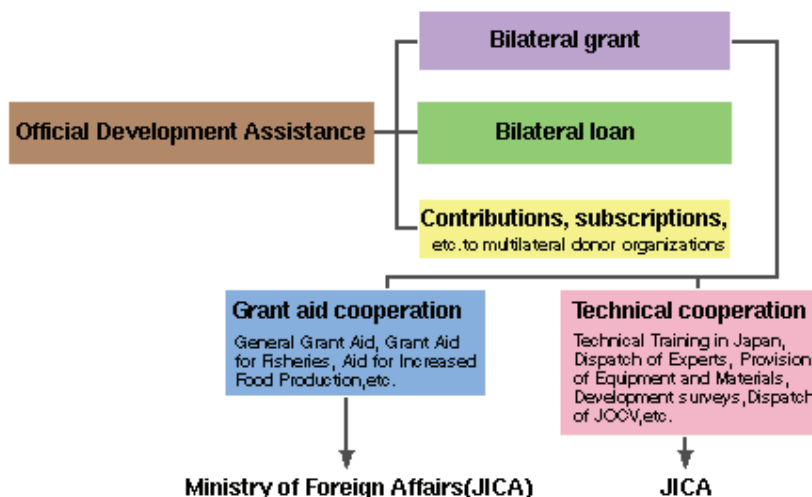
Role of Japan International Cooperation Agency

The JICA is responsible for the technical cooperation aspects of Japan's ODA programmes. Technical cooperation is aimed at the transfer of technology and knowledge that can support the socioeconomic development of developing countries. JICA carries out a variety of programmes to support the infrastructure building of developing countries through such technical cooperation. JICA has about 1,200 staff members working both in Japan and at its more than fifty overseas offices. The environmental concerns are supposed to be a touchstone for all.

a) JICA's programmes include:

- Technical Training of Overseas Participants
- A Youth Invitation Programme
- The Dispatch of Technical Cooperation Experts
- Project-type Technical Cooperation
- Development Studies
- Grant Aid
- Japan Overseas Cooperation Volunteers

- Disaster Relief

- Support for Japanese Emigrants and Ethnic Japanese

- Community Empowerment Programme

b) Support for Grant Aid Programmes

Japan's grant aid mainly benefits what is called Basic Human Needs (BHN), which include water supply, human resources development, medical care, public health, and rural and agricultural development. JICA carries out surveys and studies and is responsible for expediting the execution of three sub-programmes: General Grant Aid, Grant Aid for Increased Food Production, and Grant Aid for Fisheries,

Japanese grant aid is a form of ODA involving the provision of funds to the governments of developing countries without the obligation of repayment. The aim is to cooperate with economic and social development by helping the government of the recipient country to introduce or upgrade its facilities and equipment (JAPAN INTERNATIONAL COOPERATION AGENCY, 2004). The main categories of Japanese grant aid are:

- General grants: General project grants (including grants for child welfare, afforestation, rehabilitation, support for human resources development bases, anti-personnel mine clearance, Soft Component Support and clean energy), debt relief grants, non-project grants (including sector programme grants for environment and social development), overseas students' grants, and grassroots projects grants;

- Fisheries grants (which presumably also includes whales);

- Cultural grants (including grants for cultural properties);

- Emergency grants (support for disaster relief, democratization, and reconstruction and development);

- Food aid;

- Aid for increased food production.

Of these categories of grant aid, JICA deals with:

- general project grants and overseas students' grants,
- fisheries grants,
- cultural grants,
- food aid, and
- aid for increased food production.

JICA's work includes:

- prior studies to check on the content of requests for grant aid, the scale of the project, and the approximate costs;
- supervision aimed at ensuring that a grant aid project begun after the signing and exchange of an intergovernmental agreement (Exchange of Notes (E/N)) is being executed according to the E/N and the supply guidelines; and
- follow-up to maintain and enhance the effects of a project.

The Japanese Ministry of Foreign Affairs provides the funds for grant aid cooperation projects.

c) Programme Targets

The programme aims to foster nation-building and poverty alleviation in developing countries. It focuses on education health, water, agriculture, the upgrading of public infrastructure such as roads, bridges, and airports; and the environment. The main priority, thus, is given to projects related to basic human needs.

Japan's Policy on the Middle East

The Middle East is Japan's main source of petroleum, and its stability is key to Japan's economic stability. Japan provides development assistance to countries in the Middle East to improve the region's environment for peace. Access to sufficient water resources is an important factor in maintaining stability in the region; Since the

Sea of Galilee, the river Jordan and the Dead Sea affect several countries, Japan seeks to ensure stability in the region through financing water projects for water-deprived countries in the Middle East.

In light of the above, Japan provides assistance while emphasizing the following points:

- Japan provides support for the Middle East peace process (through assistance to the Palestinians as well as to neighbouring Arab countries and support for initiatives related to multilateral negotiations)
- In relatively low-income countries, Japan provides support for social and economic infrastructure development, including agricultural and water-resources development.
- In the relatively high-income Gulf States, Japan provides technical cooperation for the training and education of domestic engineers for the achievement of economic diversification and the development of non-petroleum sectors and provides appropriate support for the development of a favourable environment for attracting foreign investment.
- Japan provides support for environmental conservation measures in relatively high-income countries and other countries as well (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 2004).

Japan's ODA in Jordan - Basic Policies

Japan provides assistance to Jordan because it considers it one of the countries closely involved in the peace process in the Middle East, and because Jordan has taken serious steps in democratic and economic reforms. Jordan also enjoys good relations with Japan (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1996).

a) Priority Areas for Japan's ODA

Priorities have been determined on the basis of studies and research concerning development conditions and needs in Jordan, its development plans, and through

policy dialogues between Japan and Jordan, including the High-Level Mission on Economic and Technical Cooperation which visited Jordan in 1996. These led to the identification of priority assistance in the following areas:

(1) Improvement in the area of basic human needs

- Water supply

  Water supplies in Jordan are scarce. Japan aid is aimed at providing support for securing potable and irrigation water.

- Food supply

  Small portion of Jordan's land is arable due to limited water resources. Japan's aid aims at supporting the provision of agricultural machinery and fertilizers, irrigation, and selective animal husbandry.

- Primary health care and medical services

  Japan's aid focuses on supporting improvement of rural medical facilities.

- Education

  Japan's aid supports primary education and vocational training.

(2) Promotion of industry

- Japan provides technical and financial assistance aimed at developing export industries and strengthening infrastructure in the areas of tourism and transit trade.

(3) Environmental conservation

  Japan provides support mainly in the areas of water and air pollution and waste disposal.

6.1.2 The Recipient - Jordanian Ministry of Water & Irrigation

This section provides a summary of the data collected from the various documents produced by the Jordanian Ministry of Water and Irrigation related to the Improvement of Water Supply System to Greater Amman Project.

Water Policy Formulation

Development of water policy and improvement of Jordan's water resources management systems have been in progress for several years. The establishment of the Ministry of Water and Irrigation in 1992 was in response to Jordan's recognition that a more integrated approach to national water management was required. Since 1993, the Ministry of Water and Irrigation (MWI) has been supported by several donor organization projects that have assisted in the development of water policy and water planning as well as in restructuring the water sector. A brief summary of these efforts in overall water policy formulation is presented below.

Beginning in 1993, structural and institutional issues facing the water sector were studied under a Structural Adjustment and Policy Support Project (SAPS) with the assistance of the Canadian International Development Agency (CIDA, 1996). The MWI used this study as a basis for developing and then adopting proposals to provide the water sector with a more appropriate institutional framework for responding to and managing Jordan's water situation.

In 1994, two projects focusing on water policy development, water resources planning and management, and institutional development were initiated by MWI with support from the USAID and GTZ. Subsequently, several other projects have been initiated by MWI with assistance from donor organizations to address water utility services and management, water resources development, water distribution and wastewater collection and treatment systems.

Other projects have been implemented since 2000 as a means of supporting water resources management in the country. Among these are:

- Water Resource Policy Support (with USAID support)
- Water Resources Management in Jordan (executed by JICA and the subject of this project study)
- Water Efficiency and Public Information for Action (no external aid involved)

Jordan is a country that is forced to take water supply very seriously. Whilst its

development is centred on human resources in the absence of minerals, water is the one natural element that is crucial.

These activities have fuelled the continuing national debate regarding Jordan's future with respect to water resources. However, during the period there have been major changes in the management of Jordan's water resources.

Water Sector Priorities and Reform Objectives

As a first step towards reforming Jordan's water management system, a water strategy was formulated by the MWI during the period 1995-1996. The strategy stressed the need for improved management with particular emphasis on the sustainability of present and future supplies. Special care was to be given to ensure the protection of Jordan's water resources against pollution, quality degradation, and depletion.

The integrated use of multiple resources was targeted to maximize usable flows and to maximize the net benefit from the use of a unit volume of water. In conjunction with this objective, the minimum costs of operations and maintenance as well as the water production costs for development of future industrial, commercial, tourism and agricultural projects is measured based on their water requirements. Performance efficiency of water and wastewater distribution and collection systems and the management thereof is monitored and rated, and performance improvements introduced with due consideration of resource economics.

The water strategy is intended to ensure that the rightful amounts of the Kingdom's shared water resources are defended and protected through bilateral and multilateral contracts, negotiations, and agreements. Water and wastewater projects associated with the regional peace processes, including the scheme for the development of the Jordan Rift Valley, are accorded special attention in the strategy for construction, operation and maintenance. According to the strategy, due respect is given to the provisions of international law as applicable to water sharing, protection and conservation, and those applicable to territorial waters. In addition, the strategy states that bilateral and multilateral cooperation with neighbouring states will be pursued,

and regional cooperation advocated (MINISTRY OF WATER AND IRRIGATION, 2002).

As part of MWI's efforts to manage water resources more efficiently, a long-range plan has been formulated for the development of these resources, and a revolving five-year water strategy extracted from the long-term plan and updated as necessary. The revolving plan is compatible with those formulated for other sectors of the economy. A parallel investment plan accompanies the development plan.

The Ministry has developed applicable long-term planning strategies, management systems, and the economic foundation required to function effectively. The Ministry has given the first priority to allocation for basic human needs. This is defined as an allocation of 100 litres per capita per day to domestic water supplies. Additional water has municipal purposes as a first priority in allocation, followed by tourism and industrial uses (MINISTRY OF WATER AND IRRIGATION, 2002).

The water strategy attached high importance to the sustainability of previously developed resources including those for irrigation of agriculture in the Jordan Valley, not only because of the need to maintain the existing resources and protect them from depletion, but also because the cost of developing new resources is higher than sustaining previously developed ones. Special care is given to the protection against pollution and quality degradation.

Management methods aim at achieving the highest possible efficiency in the conveyance, distribution, application and use of water. This involves demand management and supply management. At the operational level advanced technology is to be adopted to enhance resource control strategies.

Human resources development occupies a high position in the priority scale. Continuous education, on-the-job training and overseas training programmes are to be organized and implemented.

Role of the Ministry of Water and Irrigation

The Ministry of Water and Irrigation is the official body responsible for the overall monitoring of the water sector, water supply, wastewater system and related projects. This gives it responsibility for planning and management, the formulation of national water strategies and policies, research and development, information systems and procurement of financial resources. Its role also includes the provision of centralized water related data.

The Ministry administers the two most important bodies dealing with water in Jordan:

- The Water Authority of Jordan (WAJ): In charge of water and sewerage systems.
- The Jordan Valley Authority (JVA): Responsible for the socio-economic development of the Jordan Rift Valley, including water development and distribution of irrigation.

The MWI uses an extensive Water Information System that utilises GIS-based digital tools for master planning and offering the framework, databases and tools necessary to manage water data and providing water specialists with data and information for water sector monitoring, management and planning. Although this system gives the Ministry a lot of advantages in terms of water management, the Ministry is still in need for technical and financial assistance from donors to help improve its water resource management.

6.1.3 Improvement of Water Supply System to Greater Amman Project

In September 1998, Jordan signed an agreement with Japan that made available a 7.42 billion yen ($63 million) grant to help resolve the problem of both supply and quality of water facing Jordan.

Following the signing of the peace treaty between Jordan and Israel, Jordan's share of water from the upper reaches of River Jordan was increased (Khatib, 1998). The

Improvement of Water Supply System to Greater Amman Project was designed to ensure that this water is well managed and can be made potable to supply the population in Amman city.

The Zai Water Treatment Plant (ZWP), along with several pumping stations, make up the Deir Alla-Zai system. An intake pump station and four booster stations pump water, taken from the King Abdullah Canal, to the ZWP. There the water is treated and pumped into a reservoir in Amman.

The Japanese aid project was divided into two phases:

Phase I (Rehabilitation Phase): Due to damage done to pump impellers and various other pieces of equipment, the ZWP's production dropped from 45 million to 37 million cubic meters per year. Project funding to the amount of US$11.3 million dollars, was used for the necessary repairs. The repairs restored the ZWP's output to its design capacity. Phase I was completed in May 1998.

Phase II (Expansion Phase): The Government of Jordan formulated the second phase of the project to improve the water supply system to Greater Amman by doubling the capacity of the supply system from the canal linking the River Jordan to Greater Amman. It requested grant assistance from Japan to replace aging equipment in each of the pump stations as well as designing and building an expansion to the ZWP to increase its output to 90 million cubic metres per year. The detailed design work was undertaken by a Japanese consultant. This phase was entirely concerned with the expansion of the Zai Water Treatment Plant. The ZWP supplied over 40% of the water used by Amman residents. The plant's expansion doubled water supplies available to Amman. This phase was completed in 2002 (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1998).

The Japanese grant financed:

- products and services necessary for the expansion of a water treatment plant and its four pumping stations;
- equipment necessary for the execution of the project and services necessary for their installation; and

- services necessary for the transportation of the products referred to in (a) and (b) above to ports in Jordan and those for internal transportation therein (MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION, 1998).

This project aimed to improve the supply of potable water in Greater Amman, obviate the water supply restriction in winter and greatly mitigate the water shortage in summer. It also aimed to conserve the reserves of ground water, whose over pumping threatened to deplete the supply and increase the salinity.

To help maintain the facilities, the grant also sponsored additional training for government officials involved with water treatment. The project document stated that, whenever possible, the equipment and services will be provided either by Jordanian or Japanese companies and citizens (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1998). However, the project was implemented only by Japanese companies and consultants, and equipment for maintenance later on was provided only by Japanese companies.

6.2 Interviews

Participants in the interviews included:

<u>Japan:</u> the Second Secretary and Economic Attaché, Embassy of Japan in Amman; JICA's Assistant Resident Representative; the Senior Programme Officer; the Water Consultant involved; and the Water Projects Contractor.

<u>Jordan:</u> the Secretary General, Ministry of Water; the Policy Advisor, Ministry of Planning; the Policy Advisor, Ministry of Water; the Director, Zai Water Treatment Plant; and the Assistant Secretary General for Water Affairs, Ministry of Water.

6.2.1 Donor Policies and Aid Management

The Assistant Resident Representative and the Senior Programme Officer at JICA explained the procedures for JICA grant aid activities. Those procedures were very strict which, from their point of view, guaranteed achievement of project stated objectives. On the other hand, as pointed out by the policy advisor of the Jordanian Ministry of Planning, the procedures do not allow for flexibility in the project design and implementation. Following is a summary of the procedures as explained by the Assistant Resident Representative and the Senior Programme Officer at JICA:

Aid projects requested by developing countries are considered by a project study group within JICA then passed on to the Japanese Ministry of Foreign Affairs (MOFA) for approval. Once approved, JICA performs a quick feasibility study. After that, projects are presented to the Cabinet of Ministers after consultations on practicalities between the MOFA and the Japanese Ministry of Finance. In the process of approving the Zai Water Treatment Plant Project, JICA sent an expert mission (5-6 Japanese people from the government, private sector, and the contracting company) to study the project. Having to go through all these procedures to start an assistance programme indicates that the Japanese aid is very well planned but at the same time could become very bureaucratic and inflexible.

JICA's Senior Programme Officer stated that in order to ensure project's success, JICA explores the most appropriate and effective design standards in line with the project proposal's request.

The Policy Advisor at the Jordanian Ministry of Planning and JICA's Assistant Resident Representative agreed on the following:
- JICA has future plans for becoming more independent of the Japanese Ministry of Foreign Affairs in order to decentralize and expedite decision making, simplify procedures, and enable flexibility.
- JICA has different approaches for different development areas.
- JICA requests proposals for funding at the beginning of its fiscal year (June – August).

- JICA does not allocate a fixed budget for each country or development area; instead, for example, it looks at the proposals presented through the Jordanian Ministry of Planning and then allocates money for each project. Nevertheless, JICA is limited to a maximum budget.

- JICA stresses the social impact of projects (community development, income generation, poverty alleviation, creation of employment opportunities, health, environment, good number of beneficiaries, ...etc)

JICA's Assistant Resident Representative emphasized that selected proposals for funding have to prove that the projects have big impact and guarantee results. He stressed the fact that Japan trusts Jordan to maintain sustainable benefits of projects.

The Assistant, Secretary General for Water Affairs at the Jordanian Ministry of Water said that JICA, through their contractors, employ local workers and staff on the project which benefits local people.

The Senior Programme Officer at JICA pointed out that JICA lists all provisions in the project agreement, and any required modification of the project during the implementation process has to be approved by Japan's Ministry of Foreign Affairs. The Policy Advisor at the Ministry of Planning believed that this makes the process more bureaucratic and centralised. If JICA had been given full authority by the Japanese Government, project implementation would have been more flexible which would affect the outcome positively.

JICA mainly provides technical assistance to its aid recipient countries and/or implements construction projects related to the recipient's development needs. It carries out its projects with minimal involvement of the recipient.

6.2.2 Recipient Government Policies and Commitment

The Assistant Secretary General for Water Affairs at the Ministry of Water noted that the Ministry, in cooperation with several donor agencies, has formulated a Water

Strategy for Jordan.

According to the policy advisors at the Ministry of Water and Ministry of Planning, the procedures for securing grant aid from the Government of Japan are as follows:

- The Japanese Embassy in Amman notifies the Ministry of Planning of grant aid opportunities from Japan in certain fields: Improvement in the area of basic human needs (Water supply, food supply, primary health care and medical services, and education), Promotion of industry, and Environmental conservation. i.e. the initial scope of support and areas of development assistance are initiated by the Japanese.

- The Ministry of Planning notifies different government bodies of those grant aid opportunities and requests funding proposals for projects.

- The Ministry of Planning represents the Government of Jordan before donor organizations. Most of funding proposals are presented to donors through the Ministry of Planning.

- The Ministry of Water lists the projects they are seeking funding for according to the Ministry's priorities. The Ministry of Planning sends all proposals to JICA listed in priority order.

- The Ministry of Water is requested to fill JICA's funding form and submit it through the Ministry of Planning. The funding form lists the areas that Japan supports and the guidelines on how to fulfil the funding request requirements. This adds extra limitations on the recipient's part. The Assistant Secretary General for Water Affairs at the Ministry of Water mentioned that in the funding form, the Ministry of Water tried to highlight and emphasise JICA's areas of interest and priorities in relation to the project in order to improve the opportunity of securing the fund for the proposed project. Example: the environmental and social benefits of the project, which was not a priority for the Jordanian Government at that time. As a result, the Ministry of Water was no longer addressing environmental issues after the project was completed.

- After the proposal is accepted, JICA sends out a mission of experts to work closely with the Ministry of Water to design the work plan.

The Policy Advisor at the Ministry of Water noted that the Ministry had put together a report on its water strategy and listed all projects needed to develop the water sector. This report was submitted to the Ministry of Planning.

Coordination and streamlining of fundraising activities for various development projects in Jordan through the Ministry of Planning improved and supported development planning on the national level and helped address development needs from a comprehensive perspective. The issue of ownership thereby arises between the Ministry of Planning and other ministries as to which one should be responsible for the management of the project.

When writing the proposal for funding, the focus by the Ministry of Water on JICA's development priorities and interests in order to secure the funding deviates the Ministry from its main goals and objectives.

The planning and policy advisor at the Ministry of Water believed it is best that the Japanese implemented the project not the Jordanians because:

- Japan has the expertise for planning and executing water projects which is necessary for achieving optimal results.
- Jordan lacks the capacity to carry out such high scale projects, while Japan had all the necessary and cutting edge technology and equipment needed for the project.
- Jordanian counterparts from the Ministry of Water were involved in the process of planning and execution of the project, which gave them the opportunity to learn, as one of Japan aid's goals is to pass on expertise and know-how to their counterparts before the handover. Despite the very well planned project by the Japanese, the general plan did not address the issue of retaining staff to ensure sustainability.
- The Japanese have a good reputation for being very professional, results-oriented and meticulous in their work.

From the above, one concludes that the Jordanian Ministry of Water had a strategy for developing the water sector in Jordan, had a list of needed water projects to be

implemented throughout Jordan, yet had to concentrate on the donor's priority areas in order to secure funding for their proposed projects.

6.2.3 Relationship between Donor and Recipient

The Senior Programme Officer at JICA and the Policy Advisor at the Jordanian Ministry of Water stated that there are certain reporting requirements by JICA during the implementation of their projects, where the recipient is requested to submit to the Government of Japan, through JICA, written reports on the progress of the project. The reports cover each phase, and are submitted immediately after the phase is completed. The details of the reporting procedures are advised by JICA to the recipient. Reporting procedures include preparation of documents such as tender notices, prequalification documents, detailed project designs, tender evaluations, contract documents, and inspection against deficiencies reports.

The Senior Programme Officer at JICA stated that the design of the project is agreed upon by both the government of Japan and the recipient government prior to the signing of the agreement. Therefore, he added, it is the duty of the recipient to implement the project as per the project's design document provided by JICA.

The Japanese Water Consultant noted that there could be unexpected circumstances that may crop up and require changes in the project. Those include, but not limited to, obvious change in appearance of the facilities, change of project sites, modification of major structures of the facility or quality or quantity of the main equipment. JICA requires the aid recipient to obtain prior approval for the required change from the Government of Japan through JICA.

The Assistant Secretary General for Water Affairs at the Ministry of Water pointed out that JICA requested the Ministry of Water to sign contracts with the project consultants to design, tender and supervise the procurement for the project.

The Water Consultant at JICA noted that according to the project's agreement, the consultants must be Japanese and are selected by JICA for each task. The Senior

Programme Officer at JICA emphasized that the scope of work for the consultants include designing project plans, inspections, supervising the execution of the project, providing guidance and assisting the recipient in procurement.

The Assistant Secretary General for Water Affairs at the Ministry of Water stated that JICA did not impose rigid conditions on the Government of Jordan and that the conditions they set out were feasible. This was to be expected from him. However, he pointed out that JICA requested in the agreement that the Government of Jordan completes the project by pumping the water into Amman (i.e. building the conveyer to Dabouq). The Government sought funding from other donors to pump the water to Amman and managed to get funding from KFW (German Bank for Construction). The Government of Jordan co-financed the project with KFW. The Government of Jordan was supposed to finish their component of the project by the time JICA completed the project. However, it took longer than it should due to administrative problems on the German side. JICA requested progress reports but did not interfere with work progress.

The Assistant Secretary General for Water Affairs at the Ministry of Water believed that the Government of Japan trusted the government of Jordan to continue the projects for the benefit of Jordan and trusted that Jordan will invest and do its best to make optimal use of the project. He also stated that donors in general trust the Jordanian government and do not impose tough conditions. Therefore, Jordan receives a good amount of the Japan's grant aid programme.

The Policy Advisors at the Ministry of Planning and the Ministry of Water believed that JICA trusted that Jordan has good governance. Nevertheless, Japan's aid policy requires that the Japanese design and implement the projects entirely. In addition to the fact that this is the general policy of Japanese aid, the Japanese officials are very meticulous and perfectionists. They prefer to take on the implementation of aid projects on their own to avoid any mistakes and reduce risks, and at the same time avoid going through their own bureaucratic system procedures in case of contingencies. The much applauded aim for sustainability is not, therefore, put into practice.

The Policy Advisor at the Ministry of Water indicated that the Israelis did not supply the Zai Water Treatment plant with the full amount of water from King Abdullah canal as per the peace treaty with Jordan. Hence, the Ministry of Water had to find other sources of water which were from the purified underground water of AbuZeghan. This was funded by the government of Jordan through the Ministry of Planning.

6.2.4 Sustainability

The Senior Programme Officer at JICA pointed out that JICA provides follow up technical assistance and support after the completion of its development projects if the recipient is not capable of maintaining the project due to lack of adequate resources. Follow-up includes sending experts to carry out maintenance and reconstruction work every three to five years. Support to restore essential functions is sometimes provided through the supply of spare parts or new equipment. He believes that follow-up is very important for sustainability. Nonetheless, this creates dependency on Japanese expertise and support for maintenance and continuity.

The Second Secretary and Economic Attaché at the Embassy of Japan in Amman noted that the grant included dispatching Jordanian government officials involved in water treatment to Japan for orientation and training in advanced technology of water monitoring, treatment and supply.

6.2.5 General Notes

In general, Japan Aid is very organised. It follows strict procedures for development aid activities which increase the possibilities of achieving aid projects' stated objectives. On the other hand, those procedures decrease projects' design and implementation flexibility.

There were no problems of staffing in this project. Like all other JICA's construction projects, the project was entirely implemented by JICA without the recipient's

involvement. JICA selected projects consultants and contractors who were Japanese nationals, and applied strict procurement regulations. Nevertheless, Japan did not impose stringent conditions on the Ministry of Water to ensure sustainability after the handover, and thus the Ministry performed necessary measures to maintain and sustain the project, but, as mentioned before, with great dependency on Japanese support and know-how.

6.3 Findings

This section summarises the findings from the documentation and interviews related to the Improvement of Water Supply System to Greater Amman Project.

6.3.1 Goals and Priorities

Japan's development aid mainly focuses on basic human needs such as health, water, rural and agricultural development, and human resource development, in addition to infrastructure building.

JICA is responsible for the technical cooperation aspect of Japan's ODA programmes. According to Japanese Foreign Ministry's official documents, it carries out a variety of technical cooperation programmes aimed at the transfer of technology and know-how, in addition to conducting surveys and studies. The Economic Attaché at the Embassy of Japan pointed out that 'Public opinion in Japan largely supports Japan's foreign aid programmes'. It is interesting that he asserts this. It is not the kind of statement usually linked to foreign aid programmes. There is a link between the non-military traditions of Japan following the Second World War and the stated aims of aid.

The Japanese Foreign Ministry stressed in its 1996 foreign aid White Paper that foreign assistance contributes in the long run to Japan's national interests. It noted that Japan's national security depends on imports of food and oil from the developing world, emphasising that 'improvements in the lives of people in the developing world

... also help to preserve the lifestyle of the Japanese people' (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1996). Therefore, the focus of Japan's national interest in relation to development assistance is mainly related to securing human needs for Japanese people, while the U.S. interests are political, economic, and security related.

The Ministry of Water's priority is securing water for the basic human needs, domestic water supplies. Since its establishment, the Ministry has been supported by several donor agencies that have assisted in the development of water policy and water master planning as well as in restructuring of the water sector. These efforts have resulted in major changes in the management of Jordan's water resources. One of these activities is the 'Water Resources Management in Jordan' plan executed by JICA.

By looking at both the Jordanian Ministry of Water and the Government of Japan's goals, one finds that the main goals for both are very much the same in terms of:
- giving priority to basic human needs,
- utilizing water resources made available by the peace treaty, and
- training human resources and transferring know-how.

Sharing the same project goals and priorities was due to the fact that Zai Project was carried out in response to Jordan's request and to the ongoing exchange of opinions between Japan and the Jordanian authorities in designing and planning for the project.

On the other hand, Japanese aid stresses on the social impact of its projects (women in development, environment, community participation, poverty alleviation, creating employment opportunities ...etc). Japan aid planners also examine each project as to whether and to what degree people and community groups are taking part in development.

In order to enhance its chances to secure funding, the Ministry of Water highlights the social and environmental impact of its projects in the funding proposals to Japan, in accordance with Japan aid priorities. The Ministry of Water does not deny the fact

that those areas are not priorities for them, but they are important factors to secure funding from Japan, and thus the Ministry is willing to give emphasis to those areas in order to get the required financing for what they consider top priority projects. This entails the unlikelihood of sustainability of such a focus after the end of the project.

The Zai Plant Project has reached its goals and objectives of improving the supply of potable water in Greater Amman, obviating the water supply restriction in winter and greatly mitigating the water shortage in the summer. JICA finished and handed over the project to the Jordanian authorities on time. However the last part of the project, which was pumping the water from Zai Treatment Plant to Amman funded by GTZ, was not completed on time as specified in the agreement with the GTZ due to administrative problems at the GTZ end. JICA kept inquiring about work progress; however, it trusted that the Ministry of Water will pursue the project as it believed that the Ministry is keen on solving water problems in Jordan. The Ministry in cooperation with GTZ eventually completed the project.

Both JICA and the Ministry of Water agreed on alternative solutions for the problems that rose during project implementation. Another goal of the project was to conserve the reserves of ground water, where over pumping is threatening to deplete the supply and increase the salinity. Israel did not provide the full amount of water from King Abdullah canal as per the Jordanian-Israeli peace treaty. Therefore, the Ministry of Water had to use some of the ground water resource at Abu-Zeghan area to supply the Zai Plant with water. This operation was funded by the government of Jordan through the Ministry of Planning. Both JICA and the Ministry of Water believed that this was the only solution to the problem. This meant that one of the goals of the project and a reason for the funding thereof was not fulfilled. Nonetheless, the solution was convenient to both parties, and the commitment on the Jordanian part to the success of the project was a major factor in addressing the problem unlike the situation in Petra Project.

The donor and the recipient reached their project's objectives. Both shared the same main goals and priorities and agreed on provisions and procedures for project implementation. Success of the project was attributed partly to the fact that the project was a national initiative by the recipient, and to the extensive dialogue the donor

conducted with the recipient in relation to project planning and design. However, sustainability remains an issue.

6.3.2 Relationship between Donor and Recipient

JICA's Assistant Resident Representative stated that 'Extensive policy dialogue between donor and recipient is vital in identifying and selecting useful and successful projects'. He pointed out that it is important for a Japanese aid agency to understand the distinctive diversity of cultures and social structures of the society in the recipient country and adopt home-grown initiatives. However, this was not really the case.

As stated in Japan's ODA Charter, aid must respect developing countries' ownership of development programmes by assisting their own efforts. That is why Japanese aid conducts development under the aid recipient's initiatives and only responds to development projects proposals presented by recipients -which apparently was the situation in the Water Project, and thus added an important contribution to the success of the project.

In the case of Jordan, Japan deals with one point of contact for all funding requests, the Ministry of Planning, which acts as a clearing-house for all development project requests by governmental and non-governmental organisations. Along with other donor agencies, Japan assisted the Ministry of Water in supporting Jordan's future with respect to water resources management, and provided a platform for developing and then adopting proposals to provide the water sector with an appropriate institutional framework for responding to and managing Jordan's water problem. This has resulted in major changes in the management of Jordan's water.

The Jordanian Ministry of Water is concerned with the end results rather than the process of implementation. It is important for the Ministry to accomplish certain projects in certain times, as the water problem in Jordan is getting increasingly critical. Obviously, for the Ministry of Water, the goal was clear and straight-forward.

The Japanese aid policy and management approach guarantee best results in most cases. The Ministry of Water believed that Japan should carry out the whole process of implementing the Zai Project, because it trusted that JICA and the Japanese experts are going to do a better and more professional job than the Jordanians who lack the necessary expertise and technology. And thus, for that matter, the Ministry of Water was very results-oriented.

The relationship between JICA and the Ministry of Water was very good. The Ministry of Water participated in the planning for the project, while JICA implemented the project entirely. The project ran very well, except for a problem caused by an outside factor – the problem of finding an alternative source of water for the one Israel refused to provide (The Water Strategy 188). There weren't any problems of staffing as the project was implemented by Japanese companies and consultants. The demarcation lines were clear, and did not include training programmes for Jordanians.

6.3.3 Aid management

Japan aid is very structured and systematic and is managed by strict regulations and processed through defined channels. Japan's funding proposals have to follow specific funding forms.

Japan aid's main management policy concept is to implement the development projects completely with very minor involvement of the recipient country. This method of aid management has two aspects: 1) Because Japan has the expertise and mechanism to carry out such high scale projects, success and sustainable benefits are guaranteed. However, 2) Japan's strict and centralised management of operation makes the process of design and implementation more bureaucratic and inflexible. JICA believes there is no need for flexibility in such projects as targets are clearly defined and there is only one way of carrying out the project.

In order to make effective use of funds, Japan undertakes stringent investigation of the most appropriate design standards and calculation details in line with requests from

the recipient country. Projects requested by developing countries are examined by a project study group within JICA. JICA's work involves prior studies, supervision during implementation to ensure that the project is carried out according to the agreement with the recipient, and follow up after the completion.

JICA lists all provisions in the Exchange of Notes, and any required modification of the project that comes up during the implementation process has to be approved by Japan's Ministry of Foreign Affairs. This makes the process more bureaucratic and centralised. If JICA were given the full authority by the Japanese Government, project implementation and modification, in some cases, would have been more flexible which would affect the outcome positively. Also, the inclusion of more local people in the implementation would have contributed to the capacity building and a better transfer of know-how.

Japan has despatched experts to help the Jordanian Ministry of Water design the most appropriate plan for the Zai Plant project and set the platform for effective implementation in light of the existing capacity of the Ministry and the social structure of the local community. Proper implementation of the aid project requires that necessary equipment and facilities be supplied as quickly as possible, by reducing the period from the signing of the agreement to disbursement of funds (upon delivery of equipment or at completion of construction). However, in most cases, the donor attributes delays in implementation to the recipient. According to JICA, it hence becomes essential for them to dispatch experts to the recipient country to make necessary arrangements, conduct studies, and negotiate with the recipient means to resolve any obstacles obstructing the project implementation process, and to ensure the suitable measures are taken to facilitate the execution.

The Jordanian Ministry of Water understands thoroughly the fundamental policies and relevant procedures concerned with Japan grant aid programme. This has been reached through the extensive dialogue with Japan in preparation for the project and the dedication and good preparation by the Jordanian counterparts. Also, Japan has taken several steps to achieve this end, for example inviting responsible staff from the Ministry of Water to Japan for briefing sessions, and preparing several forms of

documentation concerned with Japan's grant aid programme, and passing such information to the Jordanian authorities.

There are a number of factors affecting the level of donor involvement in the implementation of development projects, among which are trust in the recipient country's good governance and recipient country's expertise and capacity. Japan trusts that Jordan enjoys good governance in terms of good policy environment that favours aid effectiveness. It believed that the Ministry of Water had good management practices and was committed to the development of the water sector in Jordan, yet lacked the expertise and resources.

Japan aid pursues aid collaboration with other aid agencies so as to boost the benefits to be derived from aid. Links with other technical cooperation programmes and coordination through information exchange is important in order to avoid duplication and competition with other donor agencies.

6.3.4 Recipient Government Policies and Commitment

The Water Strategy for Jordan was formulated by the Ministry of Water in 2002 in cooperation with experts and consultants from several donor agencies, including Japan, that provided the required technical assistant. The Water Strategy for Jordan lists initial plans for projects needed to solve the water shortage problem and provide clean water for drinking and irrigation for the Jordanian citizens.

The Ministry of Water is highly committed to resolving the water shortage problem in Jordan. In its efforts to achieve this goal, it requests funding from a number of donor agencies to finance its planned water projects. There were some problems that surfaced during the implementation of the Zai Plant Project, for example when Israel refused to provide the full amount of water from King Abdullah canal which was agreed upon in the Jordanian-Israeli peace treaty, and which comprises the main source of water for the plant. The Ministry of Water managed to secure another water resource for the plant in a timely manner. It also followed up closely with the GTZ to implement the final phase of the project which is pumping the water from the Zai

Plant to Amman, and provided all means possible to facilitate and expedite the process.

In this case, the high commitment by the Ministry of Water did not affect the general process of project implementation significantly, as JICA was taking over the implementation process completely as per their aid policy. However, the high commitment by the Ministry provided and facilitated problem solving during implementation and smoothed the process of transition.

6.3.5 Sustainability

Boosting the benefits of any aid project demands an effective means of follow up. Aid recipient countries will face great difficulties if donated machinery and equipment break down and could not be repaired or lie idle due to a shortage of spare parts, or if constructed facilities function inadequately as a result of insufficient maintenance funds or lack of technical expertise.

Japan carries out follow up surveys to resolve such issues. 'When determining whether such a move is necessary, judged from the capabilities of, and actual situation, in the recipient country, supplementary assistance may be provided in the form of facility upgrades or the supply of spare parts. As such development cooperation should be closely tailored to maintain the continuity of previously implemented development aid, projects must be cultivated to ensure they are enduring and effective' (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, no date).

Once the Zai Plant Project was completed and handed over to the Jordanian Ministry of Water, JICA provided follow-up assistance as the Ministry was unable to maintain and manage the project on its own. Every three and five years Japan dispatches experts and study teams to carry out repair and construction work, maintain equipment and supply spare parts if needed in order to maintain the essential functions of the Plant. The equipment and machinery used to construct the project were Japanese-made, thus, spare parts needed for maintenance had to be also Japanes-

made. This reinforces the dependability situation created by the Japanese to maintain their involvement and control in the long run.

Another important factor for insuring sustainable benefits of aid projects is the training of local staffers responsible for running and maintaining the project. Japan aid programme included dispatching Ministry of Water officials and technical personnel involved in water treatment to Japan for orientation and training on advanced technology of water monitoring, treatment and supply. But this training was not sufficient for the Jordanians to be able to carry out maintenance work on their own. This, again, underlines the dependency issue.

Nonetheless, the sustainability of the social and environmental impact of the project that the Ministry of Water highlighted in the funding proposal in order to obtain the funding are not likely to be sustained in the long run.

Chapter 7

Case Study 4 -Capacity Building in the Management of Jordan's Education Services Project

Ministry of Education

Funded by the Department for International Development (DFID) – United Kingdom

(1998-2002)

7.1 Documentation

This chapter starts with a summary of the data collected from the various documents related to the Capacity Building in the Management of Jordan's Education Services Project as described in the documentation section in the methodology of research chapter:

7.1.1 The Donor - Department for International Development (DFID)

The Department for International Development is the UK Government department responsible for development assistance and thus for promoting sustainable development and reducing poverty. Based on the 1997 and 2000 White Papers, (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 1997, 2000a) the Government's policy focuses on a commitment to the internationally agreed Millennium Development Goals (MDG), to be achieved by 2015, which seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability

- Develop a global partnership for development

The Department for International Development's assistance is focused on the poorest countries of Asia and sub-Saharan Africa. It also contributes to poverty alleviation and sustainable development in middle-income countries, including those in the Middle East, Eastern Europe and Latin America (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003).

The Department for International Development works in partnership with governments that are committed to the Millennium Development Goals, with the research community, the private sector and the civil society. It also works with multilateral institutions, including the World Bank, UN agencies, and the European Commission (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003).

This shows that DFID, unlike many other donors, works mainly in cooperation with international agencies and focuses on commitments to internationally agreed goals and initiatives. The Unites States aid programmes, on the other hand, are driven solely by the U.S. national strategic interests, on the implicit assumption that their interests are the same as everyone else.

Department for International Development & UK Policy in the MENA

The Department for International Development's strategy for the MENA is derived from the two government policy documents (White Papers) on international development, and draws heavily on DFID's experience of working with middle-income countries, where, as stated in the White Papers, uneven income distributions and inadequate social and economic rights leave many people in poverty. DFID's approach in such countries concentrates on policy reform through multilateral institutions, backed by technical assistance.

United Kingdom ministers have committed DFID to spending 90% of its bilateral programme in low-income countries (LICs) by 2005/6, which will require reductions

in what DFID spends in middle-income countries (MICs). DFID is withdrawing from several MICs (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003).

Other DFID policies guiding its work in the Middle East region include policies concerning the European Community and the World Bank, both of which transfer significant financial resources to MENA, and as a result have substantial policy influence. With these institutions DFID's main concern is to increase the poverty focus and effectiveness of their programmes. DFID also works to support the EC's trade policies to help developing countries benefit from growth in the world economy (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003). Policy papers on women empowerment, good governance, education, conflict resolution, access to water, human rights, and environmental issues, help guide DFID's approach in terms of the achievement of individual MDGs.

The Department for International Development's strategy for the MENA (2003, p.10) states that 'achieving these targets involves working with other government departments: the Foreign and Commonwealth Office and the Ministry of Defence on reducing conflict; the Department for Trade and Industry on increasing market access; the Treasury on international finance for development and debt'.

Other UK government policies influence DFID's approach, in particular the UK's commitment to supporting Middle East Peace Process. The Arab-Israeli conflict destabilises the region. The UK is a leading supporter of the international consent on the need for a comprehensive negotiated peace settlement resulting in the establishment of a viable Palestinian state alongside the state of Israel (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003).

DFID's Regional approach – Some lessons learnt:
- 'When we work directly with government partners, we need to be sure the ministries we work with have the capacity and authority within government to advance the objectives we have agreed with them'.
- 'We often work in uncertain and fast-changing environments. Flexible project design is needed to take account of these changes. This usually

involves taking risks. We need to be better at managing risk, as well as assessing it'.

- 'Some projects take a long time to mature and deliver. Building trust and understanding institutional constraints takes time. It is best done by long-term in-country consultants and staff. Cultural and political awareness, language and interpersonal skills are often more important than technical knowledge'.

- 'Rapid staff turnover, both in the region and in London, has depleted institutional memory of working in a difficult policy environment. More locally recruited professional staff is one response' (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003). As compared to Japanese aid policies and practices, DFID capitalises on local expertise and staff to maintain institutional memory and ensure sustainable benefits, while Japanese are more dependent on their own staff and expertise who leave after the completion of the aid project.

Jordan's Country Strategy Paper 2000 – DFID

Jordan has made substantial progress towards, and in some cases has met, the MDGs. According to the World Bank's Development Indicators, Jordan's social indicators are good and in many cases above the average for lower-middle income countries.

The Department for International Development's bilateral development cooperation with Jordan includes the main technical cooperation programme, support under the Joint Funding Scheme, and residual draw down payments under the former Aid and Trade Provision. In 1994, Jordan's bilateral aid debt to the UK was cancelled. The major aspect in helping Jordan's economic growth is a positive outcome to the Middle East Peace Process and regional stability and peace. This in many aspects agrees with the U.S. as well as Japan's objectives in the region. Nonetheless, each donor country's strategies and efforts to support achieving this goal are different (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2000b).

A key challenge for the GOJ is creating new trading opportunities and increasing access to external markets. Jordan signed a trade agreement with the European Union in 1997, and has joined the World Trade Organization. It is also party to the Barcelona Process and the development of an EU-Mediterranean Free Trade Area by 2010.

Jordan has been able to secure significant amounts of official development assistance including support from the international financial institutions. In addition, the Paris Club has agreed to a further rescheduling of debt service payments. Jordanian Government believes that it must make the most of this opportunity of external support to tackle the more difficult areas of reform that will lead to a more open, export oriented economy with private sector-led growth. 'The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor nations. Paris Club creditors agree to rescheduling debts due to them. Rescheduling is a means of providing a country with debt relief through a postponement and, in the case of concessional rescheduling, a reduction in debt service obligations' (Paris Club, 2005).

The justification presented in DFID's Jordan's Country Strategy Paper, states that the Government of Jordan has made certain progress with economic reforms, including its privatization programme, financial sector and trade liberalization, and public sector restructuring. However a lot more needs to be done. The reform programmes agreed with the international financial institutions, like the IMF and the World Bank, provide an agenda for addressing the barriers to poverty alleviation and economic growth. Because of the unstable regional situation of the Middle East, Jordan has faced long-lasting constraints on its economic and social development process. As a result, it continues to require development assistance (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2000b).

UK / Jordan Development Cooperation

The UK provides development assistance to Jordan through DFID with a focus on reducing poverty and conflict, and increasing the impact of key multilateral donors

towards achieving the MDG (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 1997, 2000a). DFID's assistance to Jordan has been focused on human development and social and economic reform. This has included capacity building in the education sector and pro-poor policy development with both the Government of Jordan and leading Jordanian NGOs. There are two funding mechanisms:

- Government-to-government
- A Small Grant Scheme, which provides direct funding to civil society organisations.

The UK also makes considerable contributions to Jordan through multilateral organisations including the European Union, UNRWA, the IMF, and the World Bank.

White Paper on International Development

Following is a summary of the twelve stands listed in the 1997 Command Paper announcing the British Government's approach to international development:

The Challenge of Development

1. Refocus the UK's international development efforts on the elimination of poverty and encouragement of economic growth which benefits the poor. DFID will do this through support for international sustainable development targets and policies which create sustainable livelihoods for poor people, promote human development and conserve the environment.

Building Partnerships

2. Work closely with other donors and development agencies to build partnerships with developing countries to strengthen the commitment to the elimination of poverty, and use our influence to help mobilise the political will to achieve the international development targets.

3. Pursue these targets in partnership with poorer countries who are also committed to them.

4. Put in place new ways of working with the UK private and voluntary sectors, and the research community, towards the international development targets including transforming the Commonwealth Development Corporation into a dynamic public/private partnership.

5. Measure the effectiveness of our efforts, alongside others, against the targets, including the aim of halving the proportion of the world's population living in extreme poverty by 2015.

Consistency of Policies

6. Ensure that the full range of Government policies affecting developing countries, including environment, trade, investment and agricultural policies, takes account of our sustainable development objective.

7. Give particular attention to human rights, transparent and accountable government and core labour standards, building on the Government's ethical approach to international relations.

8. Use our resources proactively to promote political stability and social cohesion and to respond effectively to conflict.

9. Encourage financial stability and the reduction of the external debt of developing countries to sustainable levels.

Building Support for Development

10. Increase public understanding of our mutual dependence and the need for international development.

11. Ensure that resources made available for development are used only for the purposes intended, and consider the case for a new International Development Act.

12. Provide the necessary resources for the development programme: the Government will start to reverse the decline in UK spending on development assistance, and reaffirms the UK's commitment to the 0.7 per cent UN target.

(DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 1997).

From the UK's white paper described above, it appears that the British aid is more philanthropic than, for example, the U.S. aid as it is mainly driven by poverty

reduction. It also appears from the UK's main focus on working with international partners that its aid is not mainly driven by strategic interests in particular countries. The UK's Government decision to reduce DFID's spending in middle-income countries and focus more on less developed countries is a further reinforcement of this policy.

a) International Development Targets

The international development targets are designed to provide milestones to measure progress towards the goal of poverty elimination. The 1997 White Paper on International Development listed these targets:

Economic Well-being
- a reduction by one-half in the proportion of people living in extreme poverty by 2015.

Human Development
- universal primary education in all countries by 2015
- demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005
- a reduction by two-thirds in the mortality rates for infants and children under age five and a reduction by three-fourths in maternal mortality, all by 2015
- access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than the year 2015

Environmental Sustainability and Regeneration

the implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and

national levels by 2015 (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 1997).

b) Education

The challenge presented by the British government is clear: 'Education is an essential foundation for the process of enabling individuals and countries to realise their potential and make the most of their resources. But an estimated 150 million primary age children do not go to school, many get an inadequate education, and over 900 million adults, two-thirds of whom are women, are illiterate. The overall proportion of illiterate adults has been falling but the uneducated children of today will be the illiterate adults of tomorrow. Our priority is to assist partner countries to achieve the full participation of all children and adults in quality education at all levels' (MINISTRY OF EDUCATION, 2002)

The UK Government Response to the challenge put forward about education is that the UK Government adopts the vision of the Jomtien World Conference on Education for All in 1990: universal access and equity, strengthening partnerships, a focus on learning, and broadening basic education to include literacy for adults. 'The international development targets to which we are committed include Universal Primary Education by 2015 and eliminating gender inequalities in primary and secondary education by 2005' (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2000b).

The Department for International Development's (2000b) Jordan Country Strategy Paper states that DFID 'will adopt a new approach, working together with governments and international donors to develop education sector policy and financial frameworks. The focus of our support will be on the fundamental elements of an effective education system: access, quality, retention and equity':

- Access – for girls as well as boys, rich or poor, rural or urban, and those in socially or ethnically disadvantaged communities
- Quality – to prepare children for the life ahead

- Retention – to enable pupils to benefit from the full cycle of education
- Equity – to remove all barriers to opportunity and achievement.

The Strategy Paper also mentions that DFID intends to 'strengthen and extend partnerships to support a range of innovative strategies. These will include':

- development of policies and practices to improve schools, educational opportunities and achievement within education systems
- involvement of local communities in developing and managing schools to increase local participation and accountability
- creation of new opportunities for the poor to participate in education at all levels
- reconstruction of education systems in poor countries emerging from acute social upheaval
- promotion of scholarship and research to improve our knowledge and understanding of how education can contribute to the elimination of poverty (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2000b).

This shows that the UK Government has clear and well defined goals for their development assistance related to education in their aid recipient countries.

7.1.2 The Recipient - Jordanian Ministry of Education

Access to basic education has been emphasized in all Jordan's development plans. The government of Jordan has provided every community with ten or more school-going children with a school. Consequently, the extension of facilities enabled the citizens in remote and poor areas to get access to education.

In 1988, the government of Jordan launched a $1 billion ten-year education reform package. The plan aimed to improve the quality and relevance of education by restructuring the curricula to focus on developing students' problem solving and critical thinking skills, and linking academic knowledge to real life. In 1997, the Ministry of Education launched the second reform plan, for 1998-2002. This plan

focused on upgrading teachers' skills, school administration, educational information systems, pre-school education and education for children with special needs. The country's growing youth population demands the continued expansion of the educational system. Along with this quantitative expansion, Jordan seeks to improve the quality of its teachers, books, curriculum and facilities (Royal Hashemite Court, no date).

Priorities for the Jordanian Government

- Teaching and learning must shift to meet new global requirements.
- Responsible students become good citizens.
- Skilful workers, equipped to face the economic, social and technical challenges of the 21 century, will meet and exceed any national or global requirements and standards (MINISTRY OF EDUCATION, 2002).

The Ministry of Education's Vision

The Jordanian Ministry of Education's statements are put in the following terms: 'The comprehensive vision for the educational system development adopted by King Abdullah II has confronted the educational system in Jordan with the challenge of quality –the challenge to create a qualitative shift in the learning-teaching process, to promote appropriate thinking patterns for the information era, and to effectively employ the information and communication technology in the educational process. We are challenged to consider the stimulation of the intellect and aptitude to create, invent and excel, and participate efficiently in the transformation towards the knowledge economy society' Minister of Education (British Council, 2003).

It is to be noted that the emphasis is constantly on a shift in 'quality' in the 'thinking patterns' and in a 'knowledge economy', echoing the British government's mission statements.

The Ministry of Education has adopted, through the support of the Queen of Jordan, a number of big innovative projects. The capacity building project aims at developing the educational process according to a comprehensive, integrated vision, in order to upgrade the Ministry's capacity in the field of qualitative development of educational services through the implementation of five major projects, namely: development of educational management at the headquarters and the districts, development of follow-up and evaluation of school activities and policy for continuing professional development of teachers, development of school management so that it takes responsibility for self-development, disseminating innovative educational activities for the first basic classes (1-3) by employing computers, and increasing opportunities for women to participate in the educational process management.

7.1.3 Capacity Building in the Management of Jordan's Education Services

Strategic Importance of the Project

King Abdullah of Jordan stated on many occasions that creating a competitive workforce by improving the quality of education is the best way to gain international status and is an important step for economic progress.

Project Objectives

This project supported Jordan's aim to advance economically in order to acquire an established place in the global market, since it is believed that educational reform plays a key role in advancing economic growth. In its attempt to develop sustainable capacity to manage qualitative improvement in the education service in Jordan, and to introduce developed administrative systems in the Ministry of Education, the project covered the following key areas:

- Reforming management and administration in the Ministry of Education, the governorates and districts;

- Strengthening the Ministry of Education's capacity to undertake the central functions of monitoring and evaluating the work of schools, developing a policy for continuous professional development for teachers and developing the role of supervisors;

- Developing school management in targeting school principals in an effort to train them to effectively manage schools and take responsibility for their development;

- Disseminating innovative teaching approaches for Grades 1-3;

- Attaining an increase in women's participation in managing the education process (MINISTRY OF EDUCATION, 2000).

This project was funded by DFID and managed in cooperation with the British Council from 1998 until 2002.

Project's Outputs

Following are the Capacity Building in the Management of Jordan's Education Services Project outputs as articulated in the Project's document produced by the Jordanian Ministry of Education (2000).

Output 1: Developing Educational Management at the Headquarters and Districts

The objectives of this output were to build capacity to deliver change in management at all levels in the MOE, improve systems for de-centralized management, and improve professional development.

The strategy to achieve this fell into five parts. These were designed to relate to each other as well as to the other components. They were run simultaneously to produce the following outputs:

- Organizational structures and procedures to be successfully developed and operational;

- Management responsibilities to be decentralised;
- Policy analysis and planning to be further developed and in operation at all levels;
- More women working in middle and senior level management positions;
- Improved vertical and horizontal communication systems and procedures in place.

The activities under this output included: develop job descriptions for all MOE staff and introduce a performance appraisal system and processes of quality management into the General Directorates and the districts of the Ministry of Education in preparation for assessment against the ISO 9001 standard, and develop an improved communications strategy.

Output 2: Developing the Department of Training, Qualifications and Educational Supervision

The activities of this output included: design and implement a comprehensive system for monitoring and evaluating the work of schools, develop a systematic supervision process, and develop a system for the professional development of teachers including designing, managing and evaluating training programmes.

Output 3: Developing School Management

This output included: Managing Planning, Managing Teaching and learning, Managing people, Managing Resources, Managing Community Links.

Output 4: Disseminating Innovative Educational Approaches for the Basic Classes (1-3)

This component aimed to support Grades 1 to 3 teachers and supervisors, developing training materials and training school principals in managing change, providing support for their teachers and developing qualitative evaluation systems of teaching and learning.

The activities under this output included: establishing structures and procedures for managing the dissemination of effective practice in Grades 1-3, developing a programme for training key groups and supporting grades (1-3) teachers using technology where appropriate, reviewing, developing and disseminating Grades (1-3) training materials, and establishing a system for monitoring and evaluating Grades (1-3) classroom practice linked to the national framework.

Output 5: Increasing the Opportunities of Women in Management of the Educational Process

The objective of this output was to increase the number of women in supervisory and middle and higher management positions in the Ministry of Education

DFID emphasised the importance of the role of women participating in drawing up policies and taking decisions. They also stated that the small number of women in higher and middle positions at the Ministry headquarters and districts was a problem that required attention. With the support of DFID, the following have been accomplished in this area:

- Forming a Gender Committee
- Implementing a Women in Management training programme, targeting the employees at the Ministry.
- Forming a focal training group to implement the Women in Management training programme targeting the teachers in the districts.
- Implementing awareness programmes on Gender at the Ministry of Education Headquarters, Directorates of Education, and schools.
- Providing necessary facilities to enable women employees to perform effectively.
- Establishing women's' forums for the women employees of the Ministry of Education.

This output was initiated by DFID. The Ministry of Education's consent was obtained,

but in fact it was not one of their objectives or interest areas. They only approved it because it was requested by the donor. The issue is linked to some cultural concerns and sensitivities that the Ministry did not wish to take into account.

a) Common Features of the Project's Work Methodology

Those are the common features of the work methodology the Project had developed to be used in the implementation:

- Developing a common vision & language.
- Building team spirit and continuous cooperation.
- Self-motivation.
- Eagerness for quality assurance.
- Adopting a scientific methodology & trialling it.
- Specialization and integration.
- Employing technology.
- Benefiting from local and international experiences.
- Adopting auditing and accountability.
- Reviewing educational literature and international studies.
- Eagerness for continuing development.
- Building partnerships at all levels.
- Mainstreaming gender.
- Assuring the empowerment of human resources.

(MINISTRY OF EDUCATION, 2000).

These aspirations appear impressive, but they are far more tricky in operation (self-motivation, mainstreaming gender) and on very different levels of effect and implementation (employing technology; assuring the empowerment of human resources).

7.2 Interviews

Participants in the interviews included:

DFID: the Director of the Capacity Building Project; a Senior Project Officer that reported to the director; and a Project Consultant .

Jordan: the Head of Communication Management at the Ministry of Education; the Project Coordinator; and the Director of Training at the Ministry of Education.

7.2.1 Goals and Priorities

The Senior Project Officer stressed that DFID's work with the Ministry of Education has been essential in helping to develop modern education systems in Jordan. Jordanian officials also agreed that DFID's support was essential. She stated that 70% of the activities assist broad policy development and 30% adopt innovative pilot approaches with potential for replication. 50% of all activities involve collaboration with the main international financial institutions.

The Director of the Capacity Building Project noted that the proposal for the project originated with the Ministry of Education. The Ministry submitted a funding proposal to DFID and then project details were developed by both parties. This is a very important factor for the success and continuation of the sustainable benefits of the project, as was demonstrated in the previous three case studies.

The Project Director explained that the central objective of DFID's bilateral cooperation is to help reduce poverty in a sustainable way over the medium term. A secondary objective, however, especially of its assistance program to Jordan, was assisting the Ministry of Education with improvements in education. The UK's economic reform projects have been linked to the programmes of the IMF and the World Bank. She pointed out that because other donors have taken the lead in the water and health sectors, DFID is not working in such areas. She stated that DFID has no political agenda and that this project, as well as all its other projects in Jordan, does

not support any British national strategic interests in the region. In this project, DFID only aims to develop institutional capacity in managing qualitative development of educational services, and to introduce developed administrative systems in the Ministry of Education.

The senior project officer at the British Council noted that DFID aims to emphasise and achieve other objectives and priorities in all its projects such as women empowerment; therefore, it introduced a fifth output to the Capacity Building Project's outputs which is 'Increasing the Opportunities of Women in Management of the Educational Process'. The Head of Communication Management at the Ministry of Education pointed out that this component was not among the objectives of the Ministry; however, the Ministry accepted and applied the women empowerment output upon DFID's request. Project Coordinator at the Ministry of Education noted that at the beginning of the project, women empowerment was not a main output, but rather a minor objective. After two years of the establishment of the project, DFID re-evaluated the project and made some changes, one of them was introducing women empowerment as a fifth output. It was solely DFID's decision to introduce the gender issue as a major output for the Project. As for most donors, gender issues are of major importance to DFID as stated in many of their official documents. Gender issues are important. The controversy here is the issue of imposition put forward by donors as oppose to a mutual agreement with the recipient that is based on understanding of the importance of such issues, and also very importantly addressing all related cultural issues.

This is similar in a way to the environment-related provisions imposed by the Japanese aid agency in the previous case study. Again, the sustainability of such impositions was always at stake.

The Project Director stressed the fact that DFID always takes into consideration priorities set by the Jordanian Government. The Project Director believes that 90% of the project goals and outputs were achieved. Ministry of Education officials believe that the project was 100% successful –an expected statement by the respondents.

7.2.2 Relationship between Donor and Recipient

The Project Director pointed out that during the implementation of the project, the Ministry was supposed to carry out the monitoring and evaluation process for the project. However, it failed to do this for a number of reasons such as the constant changes of administration personnel at the Ministry, lack of commitment by Ministry officials and lack of communication within the Ministry and between the Ministry and the different district directorates. Consequently, DFID developed self-training and evaluation manuals for the teachers and schools and ministry management staff, though this was not in the original agreement and project plan. The Head of Communication Management at the Ministry of Education noted that the Ministry's relationship with DFID is excellent, and that during project implementation, the Ministry wanted to develop self-training manuals that were not a part of the original cooperation agreement with DFID, however DFID was very accommodating and agreed to finance this additional element.

In addition to the good relationship between the two parties that helped address the problem, DFID's flexible Project design allowed for the introduction of the alternative activity to resolve the issue. The issue of flexibility is stated in DFID's strategy document as one of the important lessons learnt from the agency's long experience in development work in the Middle East region. The document stressed the importance of introducing flexible project design to take account of the uncertain and fast-changing environments in recipient countries.

All participants in the interviews believe that the success of the project is mainly owed to the dedication and commitment by people who worked in the project, and to the high level of cooperation and understanding between DFID staff and consultants on one side and the working groups on the other. 'It was not the system, the work plan or the money that made the project a success…', the Senior Project Officer noted.

The Project Director and the Senior Project Officer indicated that DFID could not trust the government system; however it trusted the Ministry personnel to carry out and maintain the project. This indicates that the commitment of the recipient's personnel who were working with the project contributed to its success.

The Project Director believed that the involvement of the Ministry officials in project management is crucial to ensure that the project tones with the existing capacity of the Ministry, and with Jordan's culture and traditions. She added that Ministry officials are familiar with the Ministry's system and its shortcomings.

The Project Director noted that there was a language communication problem between DFID and the Ministry. Most of the Ministry staff could not speak English, while DFID's consultants could not speak Arabic. Apparently, Project resources did not allow for sufficient use of interpretation services.

The Project Director mentioned that there were some culturally sensitive issues DFID's consultants did not deal with in the best way. An example is the consultants' approach in dealing with Ministry's officials' recruitment criteria. Consultants used strong language in their reports criticising this criteria that is a general and sensitive problem in the Jordanian culture (In some cases, recruitment for government jobs is not done based on the applicants' merits, but rather on their influence and the influence of the people they are related to or have connections with. Indeed many staff were hired based on social and political considerations.

The Project Consultant pointed out that the Ministry and DFID follow similar approaches and ideas and work in the same context so that the output comes in line with Jordan's limited resources and cultural context.

7.2.3 Aid Management

The Project Coordinator at the Ministry of Education stated that the project was not running successfully and was a waste of time and money in its first and second years due to several reasons, among which are the lack of commitment among Ministry's top management officials, constant change of staff and working groups and lack of coordination and organisation. At the end of the second year, DFID re-evaluated and changed project strategies and appointed a coordinator for the project located at the Ministry to liaise between the British consultants and the working groups responsible

for implementing the project. This statement could be, to some extent, exaggerated and interpreted as trying to emphasise the important role and the positive change the coordinator brought to the Project. There are working groups for each of the project outputs. Working groups consist of heads of sections and departments at the Ministry and a number of directors of district directorates. The Project Coordinator is fluent in English and therefore she helped to bridge some communication gaps between the two parties.

The Project Coordinator and the Director of Training at the Ministry of Education pointed out that the project has a steering committee and 11 task forces from the Ministry. The project has British consultants who come for consultation every four or six months, not on a regular basis but according to the work plan and programme set by the Project Director and steering committee. The British consultants design action plans to be implemented for the period until their next visit.

The Director of Training at the Ministry of Education pointed out that the project mainly the third and fourth outputs 'Developing School Management' and 'Disseminating Innovative Educational Approaches for the Basic Classes (1-3)' was implemented in four district directorates out of 33. This was considered good progress given that the Project was supposed to be implemented in a small number of pilot districts in order to be rolled out nationwide later on by the Ministry.

7.2.4 Recipient Government Policies and Commitment

The Director of Training at the Ministry of Education mentioned that the constant changes of administration at the Ministry affected the project progress and made it take longer than it was initially planned for.

The Project Director and the Project Coordinator agreed that the system and procedures within the Ministry are not institutionalised. If the Minister or the Secretary General are replaced during the project implementation, many regulations and personnel consequently change. Changes of personnel include senior staff, committees and working groups' members responsible for implementing the project

and who are trained and familiar with project details and work progress. The Project Director believes that the direct support that the project received from the Minister contributed a lot to its success. This reemphasises the important role personnel play in the successful implementation of aid projects. The issue of retaining staff, as was also displayed in previous case studies, remains significant.

Project Director and Project Coordinator also mentioned that the success of the project depended on the commitment of the people involved especially the upper management. For example, the new Secretary General of the Ministry who was appointed two years after the start of the project contributed a lot to the success of the project. He facilitated the implementation and supported the project using all possible resources at the Ministry.

The Director of Training at the Ministry noted that there was a problem with the obligation to the project by the Directors of Education at the different districts in Jordan. On the other hand, he stated that many schoolteachers are highly qualified and committed to the project implementation, and that those teachers are creative and manage to work with very limited resources. There are always exceptions to the norm. Although they were poorly paid and not satisfactorily acknowledged, those teachers were still dedicated to the cause of good teaching.

The Project Director, the Senior Project Officer and the British Consultant believe that personalities and interest of the Ministry personnel responsible for implementing the project play a major role in the project success. Should the Ministry official be interested in the project, he/she would facilitate the implementation.

The Head of Communication Management at the Ministry of Education acknowledged that there is a problem of management and communication between different departments at the Ministry and different district directorates. Bureaucracy and apathy among Ministry personnel are important factors that hinder the implementation of the project.

Another problem DFID officials believe to hinder the education development process in Jordan is the lack of basic minimum needs for students at many schools, such as

overcrowding and lack of heating and appropriate and adequate learning resources. They believe that this is impacting the quality of learning, and that introducing IT to schools wouldn't be effective unless it is preceded by providing such basic needs.

The Head of Communication Management at the Ministry noted that the Ministry developed and applied a 'Teachers Ranking System'. The system grants to the teachers better status and money based on performance. The system uses a number of performance indicators such as knowledge, skills, and attitude. The Project Director pointed out that the system was a creative idea by the Ministry and gave the teachers an incentive to apply the Capacity Building project. This incentive initiative introduced by the Ministry demonstrates its commitment to advancing education in Jordan and has contributed to the successful dissemination of the Project.

7.2.5 Sustainability

All respondents agreed that DFID managed to improve the capacity to manage qualitative improvement in the education service in Jordan. They also believe that it helped to build resources and structure within the Ministry of Education and its pilot district directorates.

The Project Director mentioned that DFID followed an exit strategy before the total handover to the Ministry. The project ran for three years and the exit phase took another year. In total the project took four years to be handed over. By then, the project was not fully disseminated, and the Ministry continued implementing the project in the rest of the district directorates in Jordan as in the agreement with DFID.

The Project Coordinator pointed out that the Ministry allocated a budget for follow up and to continue the implementation of the project in the rest of the district directorates. The Ministry trained its human resources on the outputs developed by the project and designated personnel to monitor the process of implementation, such as applying the system for monitoring and evaluating the work at schools and the supervision of this process by district offices, applying the system for the professional development of teachers, providing support for the teachers and applying the evaluation systems of

teaching and learning; implementing the training programme (Women in Management) targeting the teachers in the directorates; implementing awareness programmes on Gender at the Directorates of Education, and schools; and applying the processes of total quality management into the General Directorates and the directorates of the Ministry.

The Project Director admitted that when the entire grant was delivered and the project was completely handed over to the Ministry of Education, there were no monitoring and follow-up on the project by DFID after that. DFID officials believe that DFID's role should end at that stage, and that, after having built capacity at the Ministry, the Ministry should be fully capable to continue disseminating the project on its own. The Director of Training at the Ministry believes that the Ministry is fully capable of continuing on its own and there is no need for DFID's support after the handover. As compared to the situation related to Japanese aid in the previous case study, there exist no donor control issues in this Project as DFID's main goal for the Project was building capacity, and thus in so doing, the recipient was supposed to become capable of managing and sustaining the Project after the hand over. There was certainly more of a feeling of ministerial control.

7.3 Findings

This section summarises the findings from the documentation and interviews related to the Capacity Building in the Management of Jordan's Education Services Project.

7.3.1 Goals and Priorities

Donor

The main goals of DFID are promoting sustainable development and reducing poverty. The central focus of its policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed MDG to be achieved by 2015. Among these Goals are: achieving universal primary education,

promoting gender equality and empowering women, and establishing a global partnership for development.

Department for International Development's assistance is concentrated on the poorest countries, but it also contributes to poverty alleviation and development in middle-income countries, including those in the Middle East. It works in partnership with governments committed to the MDG, and works with multilateral institutions (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003).

Other policies guiding DFID's work in the Middle East include policies concerning the European Community and the World Bank, both of which transfer substantial aid funds to MENA, and therefore have considerable policy influence. With these institutions, DFID's main concern is to increase focus on poverty, and make the impact of their programmes more effective. This demonstrates the unique approach DFID adopted for its aid policy, which is working through and with international organisations to achieve internationally agreed goals. Except for some influence through few projects that DFID implements directly in particular countries, this approach does not allow the agency to enforce strategic interests in certain countries nor does it allow it to maintain high presence in the aid recipient countries. The UK's government decision for DFID to withdraw from middle income countries and focus on low income countries reinforces the fact the UK aid is following a more philanthropic approach that is focused on poverty reduction.

Another UK government policy that influences DFID's approach is the UK's commitment to a successful Middle East Peace Process.

In 1990, the UK Government adopted the vision of the Jomtien World Conference on Education for All that included universal access and equity, a focus on learning, strengthening partnerships and broadening basic education. The UK Government aims to working with bilateral and multilateral donors to develop education sector policy and financial frameworks. The focus of its support is on the basic elements of an effective education system: access, retention, quality and equity. It also aims to strengthen and extend partnerships to support a range of strategies. These include

development of policies and management practices to improve schools, educational opportunities and achievement within education systems.

Directed by the two UK government policy documents (White Papers) on international development, the UK Government through DFID provides development assistance to Jordan in the areas of social and economic reform and human development. This included capacity building in the education sector and pro-poor policy development with both the GOJ and key Jordanian NGOs.

Recipient

The Government of Jordan is eager to develop the education system in Jordan, improving the quality of the teaching and learning process, and keeping up with the changes occurring in the advanced world. Jordan has made excellent progress towards meeting the International Development Targets, where many social indicators are above the average for lower-middle income countries. However, because of the unstable Middle East region, Jordan has faced constraints upon its social and economic development. As a result, and because of its limited resources, it still requires financial and technical assistance to address these needs.

In 1988, the GOJ launched a ten-year education reform programme. The plan aimed to improve the quality of education by redesigning the curricula to focus on developing students' problem solving skills and critical thinking, and linking academic knowledge to real life. The Ministry of Education launched the second reform plan for 1998-2002. The plan concentrated on improving teacher skills, educational information systems, school administration, pre-school education and education for children with special needs. While the plan cost was high and placed a big burden on the Jordanian Government's budget, the results were very good. The country's growing youth population demands the continuous expansion of the educational system. Jordan seeks to enhance the quality of its facilities, teachers and curriculum in conjunction with this quantitative expansion.

King Abdullah is interested in educational developments in Jordan and has called for the creation of a qualitative shift in the learning-teaching process to advance appropriate thinking patterns, and to efficiently employ the information and communication technology in the educational process. The King said on a number of occasions that 'creating a competitive workforce by improving the quality of education is the best way to gain international status and is an important step for economic progress' (MINISTRY OF EDUCATION, 2002).

The Ministry of Education has adopted, through the support of Queen Rania of Jordan, a number of projects that aim at translating the King's directives into programmes on the ground. The aim was revising and developing the educational system throughout all components, inputs, functions and outputs, in order to encourage the intellect and ability to create, and participate efficiently in the transformation towards the knowledge-based economy society.

According to the Head of Communication Management at the Ministry of Education, the main priorities for the Ministry were focused on upgrading teachers' skills, school administration and educational information systems. The main goals for DFID guided by MDG were achieving universal primary education, and promoting gender equality and empowering women. Priorities in the UK Government's White Paper include the development of policies and practices to improve educational opportunities, schools and achievement within education systems, focusing on quality, access, retention and equity.

The Capacity Building Project had five objectives and outputs:
- Developing Educational Management at the Headquarters and Districts.
- Developing the Department of Training, Qualifications and Educational Supervision.
- Developing School Management.
- Disseminating Innovative Educational Approaches for the Basic Classes (1-3).
- Increasing the Opportunities of Women in Management of the Educational Process.

Both DFID and the Ministry of Education share the same goal of developing the educational process in Jordan and they realized that in order to do this they should upgrade the Ministry of Education's capacity in the field of qualitative development of educational services. The mutual agreement on the Project's main goal was due to the fact that the Capacity Building Project was carried out in response to the Ministry of Education's request and to the ongoing dialogue and coordination between DFID and the Ministry in designing and planning the project. It is a telling fact that just as the mission statements of the two governments are similar so is their emphasis on policies in strengthening the command structures of the Ministry.

The first four objectives and outputs of the project were fully agreed upon by both parties. The fifth output was not a priority and not even a secondary objective for the Ministry. The Ministry adopted this output upon DFID's request. At the beginning it was introduced by DFID as a secondary objective that was incorporated into the four main outputs and then was developed to become a fifth output after re-assessing and evaluating the project progress by DFID at the end of the its second year.

The Project reached its objectives and attained all its outputs in the Ministry's point of view as indicated by a number of Ministry's officials. However, the Project Director believed that the project was about 90% successful.

7.3.2 Relationship between Donor and Recipient

The Department for International Development has learnt many lessons from working for a long time in the Middle East, especially the fact that most of the Middle Eastern countries have uncertain and fast-changing environments. In order to take account of these changes, DFID developed flexible project designs. In the original design of the Capacity Building Project, the Ministry of Education was responsible for the monitoring and evaluation process, but it was unable to complete this task. Nonetheless, having failed in this, DFID was flexible enough to increase the budget and develop self-training and evaluation manuals for the teachers, school administration and ministry staff in order to make it easy for them to do the

monitoring and evaluation in a standard and unified format. The Ministry of Education's officials interpreted this response by DFID as a sign of good will and a result of the good working relationship between both parties.

Based also on its long experience in the region, DFID believed that 'some projects take a long time to mature and deliver. Building trust and understanding institutional constraints takes time. It is best done by long-term in-country consultants and staff. Cultural and political awareness, language and interpersonal skills are often more important than technical knowledge' (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, 2003). These are impressive slogans; but there are also signs that they are applied on the ground.

This Project involved a lot of culturally-sensitive issues. The fact that the Project Director was a Jordanian national helped a great deal in addressing such issues. The flexibility that DFID offered in terms of increasing the budget to implement an activity that the Jordanian Ministry of Education has already committed in the Project agreement to undertake using its own financial and human resources raises the issue of flexibility vs. conditionality. This could have dual implications: the first is that in so doing, DFID resolved a major problem that could have affected the successful completion of the project and at the same time presented the good will that reinforced its relationship with the recipient; the second implication related is the issue of commitment by the recipient, and whether the donor should compel the recipients to their commitments by imposing conditionality. In the case of this Project, the end result was positive.

In the situation of the Petra Project, obligating the Government to build the Centre cost time and money. While the Ministry of Water fulfilled its commitment to build the conveyance on time, this was probably because of the inflexibility of the Japanese aid and the fact that the Japanese carried out the project. Flexibility is important when it comes to contingencies outside the control of the recipient as stated in DFID's documents – lessons learnt. The alternative is committing the recipient through conditionality, and flexibility necessary for long term goals.

In the Capacity Building project, one of the main factors that led to the success of the project was the high level of cooperation and understanding between DFID staff and consultants on one side and the working groups from the Ministry on the other. All of whom in addition to schoolteachers and principals were highly committed to the continuous success of the project and worked to achieve quality, considering they had a shared responsibility.

The Department for International Development, being familiar with government systems in this part of the world, did not feel it could trust that things would run smoothly as planned as the Ministry's system lacks accountability and organizational effectiveness and follows traditional management styles in terms of personnel and resources. Nevertheless, it trusted the Ministry's staff to carry out and maintain the project based on the trust built between them and DFID's staff and consultants over time.

'The Department for International Development always takes into consideration priorities set by the Jordanian Government'. This is a typical answer by a DFID Consultant. The continual involvement of the Ministry officials in project management was crucial to ensure that the project came in proportion to the existing capacity of the Ministry and its limited resources, and in line with Jordan's culture, politics and traditions. In addition, Ministry officials were familiar with the Ministry's system and its shortcomings which helped predict and address some problems that faced the project implementation process. Continuous dialogue between both parties was essential to properly address politically and culturally sensitive issues and produce outputs that are in line with Jordan's limited resources and cultural context.

However, having anticipated such problems from the beginning, DFID might have prepared better planning and design for the project particularly by introducing increased rigor into the implementation and management, thus making it more likely that the outputs would be delivered within the projected budget and timeline.

Another problem was the language of communication between DFID and the Ministry staff. DFID managed to diminish this problem by appointing a bilingual coordinator at the Ministry and translators where needed.

7.3.3 Aid Management

The Project was designed to be completed in two years with an additional one-year exit phase. The Senior Project Officer indicated that 'the project faced some problems in implementation at the Ministry of Education during the first two years that resulted in a delay in the exit phase'. Among these problems were the lack of commitment among the Ministry's officials, the constant change of staff and working groups and the lack of coordination between the different sections at the Ministry.

Consequently, at the end of the second year, DFID re-evaluated and changed its strategies and approach concerning the project as it realised it could not rely much on the Ministry of Education to diligently implement and manage the project. Therefore, DFID became more involved in and started following up more on the project implementation process. This reinforces the issue of the level of the donor's involvement in the implementation of the project. In the case of the USAID project, the increased involvement of USAID had a negative impact on the effectiveness of aid in terms of additional level of effort and cost due to the fact that the recipient institution enjoyed a good institutional capacity, while in the DFID Project case, the Ministry's capacity was poor and thus more involvement on the part of the donor was required to ensure better effectiveness.

The Project Director pointed out that the British consultants used to come to Jordan to provide consultation services every four to six months, not on a regular basis but according to the work plan and schedule set by the steering committee and project director. These consultants designed action plans to be implemented for the period until their next visit. Taking into consideration that the project was managed by long term Jordanian staff, the permanent presence of the British consultants was not crucial for the continuity of the Project's progress.

The project, mainly the third and fourth outputs 'Developing School Management' and 'Disseminating Innovative Educational Approaches for the Basic Classes (1-3)', was implemented successfully as planned in four pilot district directorates out of 33

when the grant was completed and the exit phase ended. According to the project design, the project was planned to be disseminated to the rest of the directorates by the Ministry after the exit phase.

7.3.4 Recipient Government Policies and Commitment

The institutional arrangements in the Ministry of Education have accommodated a traditional top-down model of management as opposed to a participatory result-based model. The management structures and decision-making processes within the Ministry are not institutionalised. Should the Minister or the Secretary General change during the project implementation, decisions, personnel and regulations also would change.

There exists a major problem of continuous change of administration and personnel at the Ministry. Change of personnel included senior staff, committees and working groups' members responsible for implementing the project and who are trained by DFID and familiar with project details and work progress. This problem affected the project and meant that it took longer than it was initially planned. After the project was completed, this problem was not considered likely to affect adversely sustainability as the capacity to manage qualitative improvement in the education service had been established within the Ministry, as the Project Director explained.

In Jordan, decisions and efforts put into a project often depend on the commitment of the people in the decision-making positions and the dedication of the personnel implementing the project. For example, as pointed out by the Senior Project Officer, the new Secretary General of the Ministry, who was appointed two years after the start of the project, supported the project and contributed to its success by facilitating the implementation process using necessary Ministry resources when required. Also, he added that the direct support the project received from the Minister helped it to reach its objectives and attain all of its outputs. Having a Secretary General or Minister that supports aid projects is only a matter of chance.

The Ministry of Education has centralized management processes and suffers from lack of effective monitoring and evaluation practices and weakness in communication and co-ordination between different departments at the Ministry and different district directorates. Bureaucracy in the system and apathy among some Ministry personnel are also major problems that persist and hinder project implementation.

Generally, in order to advance the education development process in Jordan, the Ministry of Education must redefine its priorities. Many schools in Jordan lack basic minimum needs for students, such as lack of heating and adequate learning resources, and overcrowding, which impact the quality of learning. Introducing IT to such schools wouldn't be effective unless it is preceded by providing such basic needs.

Indeed, in its efforts to provide incentives and encourage better performance and creativity among teachers, the Ministry of Education has developed and applied a 'Teachers Ranking System'. The Director of Training at the Ministry explained that 'the system gives the teachers better status and financial rewards based on performance. It uses a number of performance indicators such as skills, knowledge, and attitude'. The system gave the teachers an incentive to apply the Capacity Building Project, and thus was a valuable initiative by the Ministry that contributed to the successful implementation of the Project.

7.3.5 Sustainability

The Department for International Development managed to develop sustainable capacity to manage a qualitative improvement in the education service in Jordan. It built resources and structure within the Ministry of Education and its district directorates. Having done that, the Ministry became fully capable to continue disseminating the project on its own. It continued implementing the project in the rest of the district directorates in Jordan as per the project plan. The Ministry allocated money out of its annual budget for the continuation of project dissemination.

The Department for International Development did not monitor or follow up on the project after the exit phase was completed. DFID Consultant believed that having

built capacity in the Ministry, DFID's role should end, as DFID trusted that the Ministry would successfully complete the job on its own without external support.

After the exit phase, the Ministry continued the ongoing training of its human resources on all project outputs, which were applying the system for monitoring and evaluating the work of school and the supervision of this process, applying the system for the professional development of teachers including designing, managing and evaluating training programmes; applying the School Management system; supporting Grades (1-3) teachers and supervisors, providing training materials and training school principals in managing change, providing support for the teachers and applying the evaluation systems of teaching and learning; implementing the training programme, Women in Management, targeting the teachers in the directorates; implementing awareness programmes on Gender at the Directorates of Education, and schools; and applying the processes of total quality management into the General Directorates and the directorates of the Ministry. These training programmes became an important part of the institutionalised training and human development system in the Ministry, as indicated by the Director of Training at the Ministry. The outcomes of this project could therefore be considered sustainable.

Chapter 8
Cross-Case Analysis

8.1 Introduction to the Analysis

Feeny (2007) points out that a number of studies that were conducted after the year 2000 have disaggregated aid into its different elements in order to examine whether various kinds of foreign aid impact differently on economic growth. Ram (2004) found that multilateral aid has a negative impact on growth while bilateral aid has a positive and statistically major impact on growth.

Multilateral aid usually has less fragmentation than bilateral aid with respect to outcomes and aims being less sensitive to individual commercial and political interests of donor countries. However, there is usually strong criticism directed at multilateral aid organizations for being very bureaucratic, and for following a 'one-size fits all' approach. Bilateral donors concentrate their development assistance on particular countries and regions. They usually have well-established relationships with particular developing countries that provide a firm basis for dialogue and collaboration.

Bilateral assistance is generally subject to fewer restrictions than those imposed by multilateral institutions. Bilateral aid, in general, is considered more flexible than programmed multilateral aid, and having better potential for customised provision as multilateral aid priorities and policies are programmed through complicated consultative processes between member countries, parties or partners , getting buy-in from all of them to modify their priorities can at times be a burdensome and bureaucratic process. The disadvantage is that, with many donor countries not being able to well coordinate their activities, bilateral aid is inclined to become rather disorganized on the ground, with regards to projects' contents and with issues such as agendas. On the other hand, multilateral aid is considered as being more foreseeable because of the programming element usually attached to it.

The foreign aid supply to recipient countries could be influenced by the extent of need of the donor country to realise its own objectives. Most countries eligible for foreign aid are those that qualify for interest-free financing from the International Development Association (IDA) of the World Bank, and are unable to carry out the nation-building, development and poverty alleviation projects with their own funds and borrowing capacity. Jordan is an exception that is given bilateral aid mainly for strategic reasons.

Most of the papers in the foreign aid literature focus on the impact of aid on economic growth and social development, and on the discussion whether aid really improves the environment for development in the recipient countries. There is consensus that development aid is successful only under certain circumstances and that there is no common positive relationship between aid and growth (Boone, 1996; World Bank, 1998). The literature concludes that incompetence and bureaucratic failures are the main factors explaining why aid does not always promote development. Thus, the failure of aid is due to the failure to look at the donor's ability to design appropriate interventions and implement them efficiently. This stems from the fact that most literature is written by researchers from the donor countries or agencies, and also because such research is focused on the donor's perspective or built on data and information provided by the donor.

However, as suggested by Alesina and Dollar (2000), the first aspect to be looked at is the criteria governing aid allocation policies. A key conclusion from literature pertaining to aid effectiveness is that aid works in countries that have good economic policies and institutions. Foreign aid can only be effective when a country desires to initiate reform. Attempts to force reform by donors are unlikely to have the desired effects of growth and poverty alleviation. Nonetheless, encouragement to initiate reform by providing incentives and maintaining continuous dialogue and good relationships could lead to successful reform.

The big question hence arises as to how foreign aid can be reorganized in such a way as to be more effective in eradicating poverty and promoting growth. Since the international donor community has officially committed itself to decrease poverty by

half by the year 2015, the challenge to improve foreign aid efficiency becomes even greater.

The following sections of this cross-case analysis address the objectives set for the research in light of the findings drawn from the case studies and foreign aid literature.

8.2 The first objective was to:

'Analyze aid policies and delivery mechanisms in the light of their philosophy and stated objectives as applied by bilateral donors.'

8.2.1 National Interests of Donor Countries

Foreign aid is by and large driven by donor countries' national interests. It helps donor countries face challenges, like security threats, and creates opportunities for promoting their political and economic interests. It also could be used as means for gaining dominance and control; the amount of aid is an important aspect of dominance. Nonetheless, some foreign aid is given for basic humanitarian reasons stemming from a moral obligation by developed countries to provide development assistance to the poorer nations. Recipient countries, on the other hand, seek and accept aid mainly for the purpose of economic development regardless of the explicit or hidden motives of the donors.

According to a group of interviewees from USAID, in countries where government does not advance the public interest, the state's capacity becomes weak, corruption prevails, social services becomes poor, and there would be no economic growth; economic policies hinder growth while benefiting the privileged elite; investment is limited because intellectual property rights are not protected, infrastructure is poor, freedom is compromised, and human capital is weak. They stated that, for those reasons, economic development in such environments is difficult to set off and even more difficult to maintain. Most of the donor officials interviewed presented glamorous slogans about their countries' 'noble cause' for providing assistance.

Despite the donors' stated international development mission statements, real motives are the driving force behind foreign aid.

Donors' development policies and goals that are stated in their official documents go on and on justifying the purposes of their foreign aid. Some state reasons such as that successful development in developing countries generates benefits to them and to the rest of the world; it opens new and more dynamic markets for services and goods from around the world; it creates more safe and friendly climates for investment, and it generates zones of peace and order where people can travel and do business safely. The USAID Economic Officer believed that development aid also produces allies that share the donor country's 'obligations to economic and political freedom and, the rule of law'. In fact, producing allies is the main purpose of U.S. foreign aid, but allies that share the U.S. commitment to 'freedom' do not necessarily believe or expect the same things as the globalised ideas that the U.S. promotes.

As emphasised by a number of research respondents from JICA and USAID, many donor countries support democracy and good governance in the developing world as they trust that the spread of democracy and wealth is an important foundation for peace. They believe that most countries with good economic and social development process are democracies, because accountable and participatory governments foster development, and because well-educated and wealthy people demand political freedom.

Donor countries presuppose that a world where all countries are becoming more prosperous would advance their principles and values. DFID official believed that the UK feels obliged to advance development around the world. He stated that most of the donor countries are nations of immigrants and for them to progress and be safe, the world must progress and be safe. Nonetheless, many donor countries, such as Japan, Korea, Sweden, Norway and China, are not nations of immigrants, yet, they offer development assistance for many various purposes ranging from political and economic, to philanthropic reasons (See page 5).

As the world has become more connected, more donor countries, especially the United States, worry that the consequences of the unsuccessful development and

failed governance would devastate entire regions and may affect the whole world. They fear that terrorism, civil wars, organized crime, drug and human trafficking, and environmental crises would cross the borders of weaker countries in a more damaging fashion than before and jeopardise the safety and welfare of people in the world. Indeed, these threats are believed to pose the greatest challenge in the future to the national interests of the developed nations. This has two implications: donors are genuinely concerned about world peace, or that they are concerned with peace to protect themselves against terrorism.

Driven by different interests, donor countries have different objectives and aid policies. By looking across the focus of assistance and priority sectors laid down by the different bilateral donors in the case studies, it appears that the main stated areas of interest in the policy papers is basic human needs –poverty alleviation and social development, and macroeconomic development. The notion and approach to poverty alleviation differ in the policies and strategies of different donors. It varies from population issues, education, health care, to providing water and food.

Other very important priorities that prevail across donors' stated objectives are gender and environment issues. Ten years after the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, energy, environment and water issues were put on the top of the international agenda at the World Summit on Sustainable Development in Johannesburg in 2002. It was agreed that the goals of sustainable development and poverty reduction can only be realized if attention is highly refocused on these issues. A well-functioning infrastructure is required for economic development and poverty alleviation. In the fast growing cities in many developing countries, the rapid population growth, a high increase in road traffic, and rapid industrial expansion presume alarming proportions. The results are more pollution, increase of resource consumption and health problems; in other words, poor quality of life.

The second main priority for German aid is the protection of the environment and natural resources. GTZ believes that long-term development is impossible without an intact environment. German foreign aid aims to help improve living conditions in developing countries through better management of infrastructure –water, waste

energy, and transport, as it believes that responsible use of natural resources, environmental conservation and management, and pollution decrease are key requirements for sustainable development (GERMAN TECHNICAL COOPERATION, no date). German aid, in many aspects, could, to a certain extent, be considered philanthropic. The Petra Preservation project funded by the GTZ had a high element of charity as it aims to preserve a world heritage site. On the other hand and like other bilateral donors, German government seeks to reinforce its existence in the Middle East as an important aid donor. By observing the policies and practices of German aid in Jordan, it appears that German aid, apart from attempting to ensure presence as part of the donor community, has no obvious strategic interests.

The other important development priority for donor countries is the gender issue. This is evident in the donors' focus of assistance across the four case studies in this research. As explained by a respondent from DFID, gender equality enhances the wellbeing of women, as well as children and men, alleviates poverty and fosters economic growth. Promoting gender equality and women's empowerment are also central to the Millennium Development Goals and the World Bank. Whether this policy would otherwise be a priority is questionable, since it rests on the argument that the empowerment of women leads directly to economic growth. This is not an argument that is easily adhered to in a Muslim country.

Some donors set their own objectives and targets to be achieved by certain dates and deadlines or adapt international development goals set by the United Nations. At a United Nations-sponsored conference on global development held in Mexico in 2002, 51 heads of state approved the U.N.'s MDG of halving world poverty by 2015, as well as combating AIDS and other diseases, improving women's rights, literacy, maternal and child health and environmental quality (Sills, 2002). The World Bank estimated that it will cost around $60 billion a year in additional foreign aid to meet the MDG goals. The U.N. called on donor countries to spend the equivalent of 0.7 percent of their Gross National Product on foreign aid. While this seems a fair share and would be an excellent contribution that will tremendously increase the amount of foreign aid, many developed countries have not responded to the UN call. If a country like the U.S. spends an equivalent of 0.7 percent of its GNP on aid, which is about $70 billion, this would change the history of foreign aid. Nonetheless, there are developing countries

that have made good progress in terms of meeting MDG with and without the support of the international community.

8.2.2 The Focus on Strategic Interests

The current research reveals that strategic interests are essential drivers for donor countries to provide foreign assistance, though most of these interests do not directly look appealing to the stakeholders. Most of the donor countries supporting development in Jordan agree on a main goal – Jordan's significance as one of the countries directly involved in the Middle East peace process and that is engaged actively in the process, as well as the fact that its political and economic stability is essential to peace in the Middle East. Stemming from this fact, donor countries tend to favour projects that contribute to political and economic constancy in the region.

Most of the foreign assistance to Jordan aims directly or indirectly at fostering stability in the Middle East. Developing human capital through promoting economic growth, education, improving water resources management, protection of the environment, and undertaking public sector reforms, all contribute in various ways to the stability of Jordan and consequently the stability in the region.

The Middle East is Japan's principal source of petroleum imports and is a very important factor in Japan's economic stability. JICA's senior programme officer stated that progress in the Middle East peace process has a big impact on world peace and stability. Therefore Japan continues to provide technical and financial support for the stabilization of the Middle East and for the enhancement of the environment for peace.

Adequate access to water resources constitutes a critical factor in maintaining stability in the region. Jordan's share of water from the upper reaches of the River Jordan was raised as a result of the peace treaty signed between Jordan and Israel in 1994. As a temporary solution until a new water resource is developed in Jordan, Israel started providing an additional supply of water in 1997, as per the peace treaty. While the quantity of available water has increased, the important step following that was to ensure that this water can be made potable to supply the growing population of the

city of Amman. Japan, in its effort to contribute to solving the water problem in Jordan in order to help achieve stability in the region, embarked on a major water project to ensure that water related to regional peace processes is supplied to the city of Amman.

On the other hand, the Water project also has financial interests. Only Japanese companies are allowed to carry out work related to the Water project and therefore have indirect access to the markets in the region. The Water Project also created dependency on Japanese know-how and equipment for maintenance, which enforces continued dependency and control in the long term. It would be fairly pointless any donor country trying to promote commercial interests in a region where there are going to be a constant conflict. The Water project aims to promote Japan's both strategic and commercial interests.

Generating political and economic alliances in aid recipient countries is an important goal for most donor countries. To gain such alliances, donor countries, through their development programmes, focus on and try to satisfy the influential stakeholders and decision makers within the recipient countries. This demonstrates the contradiction between the stated goals of some donors that call for democratisation and equal opportunities for all citizens, and actions on the ground that display a different approach.

Jordan is a constitutional monarchy with executive authority vested in the King and the Cabinet of Ministers. The Prime Minister and the Cabinet of Ministers are appointed and dismissed by the King. Jordan comprises of eight governorates headed by governors who are responsible for development projects in their areas.

To this effect, and as demonstrated clearly in the USAID-funded ICT Initiative in Jordan, the United States tried to win Jordan's alliance by supporting the King-led ICT Initiative aimed to develop Jordan as an IT hub and a competitive exporter of ICT products and services. In addition to the fact that the U.S., by supporting the initiative, aimed to foster economic growth and ICT sector reform in Jordan, it directly contributed to realising the King of Jordan's vision, which will eventually strengthen Jordan's position as a key ally of the United States. A primary objective of

U.S. policy has been the achievement of peace in the Middle East. U.S. policy seeks to reinforce Jordan's commitment to peace, stability, and moderation. The peace process and Jordan's opposition to terrorism indirectly assist wider U.S. interests (BUREAU OF NEAR EASTERN AFFAIRS, 2005).

8.2.3 Stakeholders' Influence over Foreign Aid

It is crucial for foreign assistance to be supported by the donor country's stakeholders in order for schemes to be sustained. Stakeholders have pushed for budget cuts in foreign aid in a number of donor countries. A good example of the influence of public opinion on foreign aid prevails in the shift towards aid policies driven by national interests in Japan's aid in the mid 90s. With opinion polls revealing that Japanese people have become less supportive of increased foreign aid expenditure and are calling for cuts in or the termination of the government of Japan's foreign aid programmes, the Japanese Foreign Minister and the aid agency itself have recognized the need to promote aid objectives and policies that appeal to taxpayers (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1996).

In an outreach effort to maintain support for aid, the Japanese Foreign Ministry stressed in its 1996 foreign aid White Paper that Japanese foreign assistance contributes in the long run to Japan's national interests. This argument is a departure from the prior approach of giving emphasis to more humanitarian motives. The report asserted, for example, that foreign aid 'plays a key role in supporting the wellbeing of the Japanese people and the national interests' (MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1996).

In standing for the importance of continued high levels of expenditure on foreign aid, the Japanese Foreign Ministry emphasized the key role that foreign aid can play in combating a global rapid population growth and environmental damage, problems with spill-over effects for Japan, through flows of illegal labour and refugees as well as environmental destruction. The authors of the 1996 foreign aid White Paper also noted that Japan's national security depends heavily on imports of energy and food from the developing world, arguing that 'improving the lives of people in the

developing countries ... also help to support the lifestyle of the Japanese people'
(MINISTRY OF FOREIGN AFFAIRS OF JAPAN, 1996).

Japan's new aid priorities and policy clearly represent an effort to build popularity of
foreign aid that will promote the programme's image with the increasingly
discontented public. This change was demonstrated in Japan's fiscal year 1998 budget
as well as subsequent efforts to promote and publicize humanitarian development and
environmental projects, as environment protection is very popular among stakeholders.
Also, as explained by JICA's Assistant Resident Representative, one of the new main
Japanese foreign aid priorities is to focus on the overseas volunteer programmes and
wider participation in foreign aid by local constituents through technical assistance
and training projects as this is a citizen-supported aid and the taxpayers participation
in the foreign aid development efforts increases their backing.

Nonetheless, taxpayers also include businesspeople who are eager to develop and
open external markets for their industry, and find foreign aid an excellent means to do
so. The private sector's influence differs from one country to another, and depending
on this influence, donor countries determine their foreign aid policy in line with the
national economic interests.

Pleasing taxpayers and other stakeholders to maintain or increase support for foreign
aid spending is not an easy exercise for the bilateral aid agency or the government, as
demonstrated in the Japanese example. The donor government has to be aware of, and
account for, the various interests of the stakeholders when planning and promoting its
aid policies. This can be difficult because interests vary from humanitarian
development and protecting the environment to security and market access.

Some 'smart' governments manipulate the 'not so smart' citizens to get support for
their foreign aid policies, and other foreign policies for that matter, by justifying that
such policies were mainly designed to address sensitive issues like national security.

Foreign aid would look more appealing to most of the taxpayers if it emphasizes the
human dimension, and that it is helping the poor directly, points out the Director of
the Capacity Building Project at DFID. Taxpayers simply would not like to see their

money wasted on building dams, airports and other infrastructure projects that are not necessarily benefiting poor people in recipient countries. Other very important issues emphasized by donor countries to win over the stakeholders' support are the protection of the environment and natural resources.

The Improvement of Water Supply System to Greater Amman Project funded by Japan through JICA demonstrated donor countries' emphasis on basic human needs and more significantly points to the environmental dimension, which appeals to the Japanese stakeholders. It fulfils the most basic needs of human life which is providing support for the especially serious problems of providing drinking water and irrigation water for the promotion of agriculture. The project has improved the supply of potable water in Amman city, prevented the water supply limitation in winter and greatly alleviated the water shortage in summer. It also managed to preserve the ground water reserves, whose over pumping threatened to reduce the supply and increase the salinity. In addition, the project contributed to growth in the recipient country.

Most of the major donor countries to Jordan, such as Germany, the United States, Canada, Spain and Japan, prefer to finance water projects in Jordan, as these projects serve both the goal of securing basic human needs that satisfy taxpayers in the donor countries, and fulfil the donors' strategic interests in the region.

The same concept of increasing taxpayers' support for foreign aid through environment-related projects applies to the Petra Stone Preservation Project funded by Germany through the GTZ. The project's overall goal falls within the promotion of the protection of the environment and natural resources –one of the three priority areas for German foreign aid that also include poverty alleviation, based on popular participation in the development process, and education and training. 'Preserving a world archaeological site is a well-justified foreign aid objective for the German taxpayers' said the GTZ project director. The project advances the environmental and archaeological aspects by helping conserve and restore the ruins of one of the most important cultural heritage sites in the Middle East.

Europeans, in general more than people in developing countries, have a high regard for antiquities. They appreciate and support efforts to preserve archaeological and

heritage sites around the world. Stemming from that, the German Foreign Ministry and the aid agency have responded to Jordan's funding proposal for the Petra project and then designed and implemented the Petra Stone Preservation Project in line with stakeholders' convictions and preferences. GTZ assisted the Jordanian government in the establishment of a conservation and restoration centre in Petra that is entirely operated by Jordanian specialists and staff who were trained to independently plan, execute and supervise conservation and restoration work on the Petra monuments. Apart from whether this particular intervention worked or not, its concept and design were based on priority areas that are supported by the stakeholders in the donor country, as those stakeholders have the power to evaluate and question aid programmes and strategies designed and delivered by their official aid agency. Petra is a well-known tourist destination and being associated with its preservation has an easy appeal. This would not be the same as trying to promote the more general notion of conservation and restoration to all the Jordanian monuments.

The U.S. congress supports helping developing countries become economically stable as it means to them more trade and prosperity for the U.S.. This is reflected in the FTA agreements the U.S. signed with several developing countries and the technical assistance it provided to them to help them accede to the WTO. To this effect, large amounts of U.S. aid go to the economic development of recipient countries. The U.S. support of the Information and Communication Technology (ICT) Initiative in Jordan very much falls within the stakeholders' interest in supporting developing countries' economies. In addition to reforming the public sector, the overall goal of the initiative is the development of an internationally competitive IT industry in Jordan –one that attracts both foreign and local investment, generates high-value jobs, and produces substantial levels of exports.

Although many American USAID officials claim that the majority of the American stakeholders strongly support environment protection efforts, the influential U.S. industries prohibited the United States from signing global environmental agreements, such as the Global Warming Treaty, and there seems to be no opposition in the streets to persuade the U.S. government to sign such agreements. This influence by the industry also, to a large extent, has bearing on the country's foreign aid programmes

in terms of protecting the environment and also creating opportunities and new markets for the U.S. industry in the developing countries.

This research cannot generalise the extent of a donor country stakeholders' support or opposition to the different aspects of foreign aid, as there exists a number of variables that influence foreign aid policies and disbursement within the country. These include the influence of political parties, ethnic groups, private sector, industry, and public opinion, in addition to the national strategic and economic interests of the donor country.

In order to get a defined illustration and a more precise picture of the effects of some of the main factors affecting foreign assistance programmes in a donor country, this research looks at the United States' experience in relation to foreign aid, as an example of a large donor country with so many variables affecting its aid policies.

Public support for foreign aid in the United States has increased since the September 11 attacks on New York and Washington. Polls have always shown that most Americans do not favour the idea of foreign assistance. Yet, since September 11, people came to understand that foreign assistance is an important piece of the budget, and there is now more willingness to increase spending on foreign assistance (Masci and Jost, 2001). Foreign aid has gained a bad reputation in the United States for a variety of reasons. For example, during the Cold War a large portion of foreign aid was used for political and strategic purposes, primarily to stop the spread of communism. As a result, U.S. tax money usually ended up lining the pockets of corrupt but pro-U.S. dictators who often spent it on luxurious lifestyles.

In March 2002, George W. Bush proposed increasing American foreign aid by \$5 billion by the year 2006, to be kept in a special account that is separate from the regular development aid allocations of about \$11 billion. The new aid funds are limited to nations that prove they are reforming their economies and governance, part of a worldwide trend among donor countries to demand more transparency, or proof that aid money is being used effectively and appropriately. 'The goal is to provide people in developing nations the tools they need to seize the opportunities of the global economy,' Bush said in announcing the proposed increase. 'In return for this

additional commitment, we expect nations to adopt the reforms and policies that make development effective and lasting' (Bush, 2002).

In the aftermath of the September 11 attacks, many Americans asked whether changes in U.S. foreign policy could prevent similar attacks in the future. The policy response by the Bush administration was the 'war on terrorism'. But some Americans say that more should be done to avoid what they see as the original causes of terrorism, which are illiteracy and poor living conditions that lead to increased resentment of America. Therefore, development assistance seemed to be the best and most effective tool available to improve those conditions, as indicated by the Economic Specialist at the USAID.

People living in poverty can now see how the rest of the world lives with the globalization of information technology through television, cinema, the internet, and other media channels. 'There is a very strong correlation between terrorism, armed conflict, and instability on one hand, and poverty on the other,' says Per Pinstrup-Andersen, Director General of the International Food Policy Institute. 'Poor people are much more expected to search for solutions that involve conflict, and conflict is likely to result in poverty and hunger' (Cooper, 2002, p.5).

Nonetheless, 'The claim that terrorism is stimulated by poverty is a truly shallow, materialist statement,' says Nicholas Eberstadt, a political economist at the American Enterprise Institute (AEI). 'The last time I checked, Costa Rica did not have a terrorism issues, and Northern Ireland did, but Costa Rica is poorer than Northern Ireland. There are various reasons to support poverty reduction, but the assertion that it is anti-terror remedy is the latest of the Hydra-headed rationalization for development aid' (Cooper, 2002, p.5).

The focus of U.S. foreign aid during the war on terrorism is clearly on national security rather than poverty alleviation. Then again, there seems to be a increasing consensus that foreign aid is just as important an instrument of national security policy as diplomacy, armed forces, and intelligence-gathering. This might mean that had the United States been successful in staying engaged in Afghanistan in the nineties, maybe a good foreign aid programme there could have meant that Taliban

would not have come to power, and that might have indicated that there would not have been such a safe haven for Al Qaeda.

Political parties in the United States have different views concerning foreign aid. The Democrats have long supported foreign aid, while the Republicans have long thought that aid is a waste of taxpayers' money. But, in recent years, the Republicans changed their position and became more supportive of foreign aid. In addition, the Economic Specialist at USAID pointed out that voters are more likely to favour foreign aid than non-voters, as are rich and well-educated American citizens.

Forced by the pro-Israel lobby, the American Israel Public Affairs Committee at the U.S. Senate, and other similar groups, 'the total U.S. aid to Israel comprised approximately one-third of the American foreign-aid budget, even though Israel comprises just 0.001 percent of the world's population and already has one of the world's higher per capita incomes'. In fact, 'Israel's GNP is higher than the combined GNP of Egypt, Lebanon, Syria, Jordan, the West Bank and Gaza. With a per capita income of about $14,000, Israel ranks the sixteenth wealthiest country in the world; Israelis enjoy a higher per capita income than oil-rich Saudi Arabia and is only slightly less well-off than most Western European countries' (Zunes, 2002). The United States describes its foreign aid to Israel as economic budget support rather than development assistance.

Zunes (2002) states that some Americans argue that the United States supports Israel's domination so it can serve as a proxy for American interests in the Middle East, and that Israel has helped defeat radical movements and has been a testing ground for U.S.-made arms. He points out that some Israeli generals believe the U.S. aid to Israel is 'little more than an American subsidy to U.S. arms manufacturers,' arguing that the bulk of military aid to Israel is used to buy weapons from the United States (Zunes, 2002).

All the aid programmes across the four case study show that donor stakeholders have a big say in the policy as well as the allocation of aid. USAID's foreign assistance budget and policy have to be approved by the Congress who represent the taxpayers and is being influenced by lobbyist groups. The same applies for Japan, Germany and

the UK who's public and stakeholders influence decision-making. Aid to Jordan in terms of allocation and spending, on the other hand, is not approved by the House of Parliament but rather by the government –the Ministry of Planning and other line Ministries- with main control, of course, in the hands of the donors.

Assessing the impact of stakeholders on the policy and effectiveness of foreign aid has two outcomes: the first is the influence of taxpayers and other influential stakeholders in the donor country. This research shows that stakeholders determine the direction of aid in donor countries. The goals, from which the aid projects in the four case studies have stemmed, were all based on stakeholders' areas of interest and preferences. As shown in the case studies, and based on the fact that donor agencies are responsible before their taxpayers for the money they spend as foreign aid and whether this money has been put to good use, donor agencies are obliged to be more committed to the success of such programmes and projects.

The second aspect is the influence of taxpayers and other stakeholders in recipient countries. In Jordan, taxpayers have no influence on aid. This in turn affects the Jordanian Government or the particular aid recipient line-ministry's commitment to supporting aid projects, and thus, does not create accountability to whether a certain aid project works or not.

One could argue that aid funds are donor taxpayer money and hence they have the authority to decide how it is spent, which works along the lines of 'no taxation no representation'. On the other hand, recipient taxpayers or stakeholders, in the view of their government, do not have the authority or influence on aid allocation and spending. Nonetheless aid is money that is given to them, and therefore they have the right to participate in the decision making, regardless of what their government thinks.

8.2.4 Aid Delivery Mechanisms

Thomas (2007) argues that development management involves challenges not only over what is the right thing to do but also over what must be the guiding principals or values of development itself. He explains that one of the fundamentals of

management for development is that it advances development values, which indicates aiming to transform values even though there could be little disagreement about what the development values are or must be. This is applied when managers of development programmes act as agents of internal change and when they externally advance development.

As argued by Morgan (2005), this could be demonstrated through the concept of the Great and the Little Traditions, i.e. the tradition of the bourgeoisie and the tradition of the peasant community, the elite and the popular culture. He points out that the relationship between the Great and Little Traditions, and the fact that local people are not usually heard from, are 'aggravated by the way in which development has become institutionalised and the people who work on its projects professionalised' (Morgan, 2005, p. 41).

The literature on foreign aid argues that the more the donor is involved in project implementation, the better is the project outcome (Brinkerhoff and Brinkerhoff, 2005; Thomas, 2007). This research argues that in the presence of a good policy environment and good institutions, donors' involvement is important but the degree of its partaking should be determined by factors such as the efficiency, expertise, and capacity of the government institution implementing the project. In such case, the inclusion of more local people in the implementation would contribute to the capacity building and a better transfer of know-how.

Access to Microfinance and Improved Implementation of Policy Reform Program, an economic opportunity programme of the USAID in Jordan, funded most of the ICT Initiative projects. The two phases of AMIR Programme promoted economic growth and prosperity in Jordan through the development of a more favourable environment for business and investment, but the second phase had more emphasis on ICT.

The involvement of the AMIR Program in the implementation of ICT projects was minimal during AMIR's first phase where massive transformation and capacity-building were achieved in a short period of time. An important factor that made this vast transformation possible is that the qualified staff who were recruited to do the job were given an extended margin of freedom and were empowered to work

independently. Also AMIR did not invest a lot of money in the ICT projects in its first phase; thus the risk was small. However, the returns and the amount of change created compared to the amount of investment were substantial.

With the considerable change and the institutionalisation of the Ministry of ICT made during AMIR's first phase, AMIR had more trust in the Ministry's capacity to keep up the good work and maintain the success. Nonetheless, because AMIR wanted to minimise the risk, as justified by the ICT Initiative Component Leader at AMIR, the level of AMIR's involvement increased during the second phase with the big increase in budget, and thus the projects' implementation process became more bureaucratic and inflexible. This has slowed down the work progress and affected the projects' efficiency and outcomes.

With the high degree of competence and capacity to manage the implementation of the project demonstrated by the recipient institution in the first phase, AMIR's increased involvement added to the implementation process more bureaucracy and restrictions, entailed less participation by recipient and less flexibility, and decision making was mostly made by the donor.

At the beginning, the British government through DFID trusted the Ministry of Education to fully implement the Capacity Building project on its own with minimal assistance, yet the Ministry's capacity to implement successfully such projects was not institutionalised. The insufficient monitoring by DFID during the first stage of the project led to delays in implementation, some objectives were neglected by the Ministry, and a number of tasks were not completed as per the project agreement. Consequently, DFID increased its involvement and the implementation process went back on track.

Cordella & Dell'Ariccia (2003) show that budget support aid is favourable when donors' preferences are very much aligned with those of the recipient, while on the other hand, programmed aid is preferable if they are different. This, generally, suggests eliminating donor involvement when both parties have same preferences. However, this could be an extreme measure and a high-handed approach to donor's involvement in programming and managing aid.

This research demonstrates that aid effectiveness depends on the relationship between the recipient's quality of governance and the donor's level of direct involvement in project implementation. It shows that aid effectiveness is not always positively affected by greater involvement of the donor in project implementation. Greater aid effectiveness is achieved by balancing the extent of donor's involvement on one hand, and the degree of good policy environment and institutional capacity of the recipient on the other –the higher the capabilities of the recipient institution implementing the project, the less the level of donor's direct involvement.

8.2.5 Aid Policies on Middle Income Countries

Middle-income countries face challenges that require continued flow of foreign aid. These countries have high concentration of poverty, as they are home to over three quarters of the world's poor. Some countries have made good progress in policy reform, yet many fall way behind. Even among the advanced reformers, the uncompleted policy reform agenda is considerable. The countries' institutional capacity to manage reform varies substantially, so does their participation in the global economy. Many middle-income countries still have limited access to international capital markets, and even those with better access are challenged with volatility in private capital flows (Fallon, 2001). Many donor countries continue to engage in assisting middle income countries in addressing such challenges for a variety of economic, political and strategic interests.

8.3 The second objective was to:

'Assess, evaluate and analyze recipient government policies and practices in relation to foreign aid.'

Recipients have different policies, approaches and practices in relation to foreign aid opportunities. They can be divided into three categories. The first category would accept all projects offered by donors and will agree to any proposal regardless of

whether they need the project or are able to sustain it. The second category would agree to any proposal offered by donors but have commitment to their own policies and agendas; in addition they may also design some projects on their own and have a serious commitment to them. And the third category are willing to refuse some proposed projects as being outside their own plans and only commit to and accept projects that are consistent with their own development policies.

In general, aid recipient countries in the first category do not enjoy a good policy environment that favours aid effectiveness. Governments of these countries, in many cases, are considered by donors to be corrupt. The benefits from the foreign aid allow the government to draw off funds that are made available to government officials and supporters. In the past, these governments used to succeed through promises of commitments – in most cases not being serious - in the initial negotiation process with donors, but showed inability to fulfil their promises during project implementation. One of the stories demonstrating this was published in The Economist in 1995. It described how 'over the past few years Kenya has performed an interesting mating ritual with its foreign aid donors. The steps are: first, Kenya gets its annual pledges of foreign aid. Second, the government begins to behave badly, backing down on economic reform and behaving in an authoritarian way. Third, a new meeting of donor countries is scheduled with frustrated foreign governments preparing their sharp rebukes. Fourth, Kenya draws out a placatory rabbit out of the hat. Fifth, the donors are mollified and the aid funds are pledged. The whole ritual then starts all over again' (Economist, 1995, p.37).

This case also applies to individual recipient institutions, not only countries as a whole. The 'ritual' performed by the Kenyan government was also performed to some extent by recipient institutions being studied in this research. The Jordanian Department of Archaeology and the Jordanian Ministry of Education failed to fulfil their commitments concerning the agreements with the donors in terms of building the Centre in Petra and implementing the Monitoring and evaluation activity at schools. Donors in both cases expressed dissatisfaction but did not threaten to withhold funds. This again brings up the issue of conditionality. Different donors have different approaches to conditionality; some impose it while others do not. Similarly, different

recipients respond differently to conditionality; some are compelled by it while others might not care.

Middle-income countries with a good policy environment are likely to fall within the second and third categories. But in spite of this some of them continue to face poverty. Moreover, the hard-won returns in poverty alleviation in many countries remain susceptible to economic uncertainty.

The quality of policy performance across middle-income countries varies immensely as measured by the World Bank. Through its Country Policy and Institutional Assessment measure, the Bank rates 20 different components on a scale from 1 to 6 listed under four broad policy areas: (a) Macroeconomic Management, (b) Structural Policies, (c) Policies for Social Inclusion/Equity, and (d) Public Sector Management and Institutions (World Bank, 2005).

According to the World Bank (1998), most of the middle-income countries perform well in terms of their macroeconomic policies, yet, there are considerable differences in performance across all policy categories; the countries with market-friendly policies, such as good monetary and fiscal policy, openness to trade, a competitive environment, transparency and accountability of the public sector, and developed financial markets, achieve better economic performance in the long run than others. Growth tends to be higher in countries with sound structural policies and a well-managed public sector.

Although it has taken serious steps in reforming its public sector and economic policies, as shown in the current research, Jordan does not enjoy good structural policies nor has it demonstrated high policy performance. Nonetheless, Jordan has witnessed rapid economic growth due to geopolitical reasons.

There is room for progress in the policy environment of all middle-income countries. Performance is best in Economic Management where a majority of the countries achieve good scores in the 4 to 5 range, and only about one-fifth of the countries receive unsatisfactory scores. Progress on Structural Policies is less consistent, with only a minority of countries achieving good ratings. Deficiencies in policy

frameworks are most marked in Policies for Social Equity and Public Sector Management and Institutions World Bank (1998). This emphasizes the need for institutional development in most middle-income countries.

This study has answered a key question as to whether aid effectiveness is influenced by differences in recipient policies and institutions. It confirms the assumption that the effectiveness of aid is conditional upon the institutional environment.

Burnside and Dollar (2000) showed that foreign aid spurs growth in countries with sound institutions and policies, but has less or no impact in countries with poor institutions and policies. They later shifted the focus in their 2004 paper from recipient policies to institutions, and examined whether institutions improve the effectiveness of foreign aid. They studied four types of variables in a general measure of institutional quality: government effectiveness, regulatory quality, rule of law, and control of corruption. They found that the quality of recipient institutions is important in determining the effectiveness of foreign aid (Burnside and Dollar, 2004). Hermes and Lensink (2006) also confirm Burnside and Dollar's finding. They pointed out that while literature shows that aid in itself is not closely linked to growth, the interactive term is, demonstrating that institutions influence aid effectiveness.

Bjorvatn and Coniglio (2006) also argue for the importance of good institutions in supporting economic growth. They point out that in situations with good institutions, targeted policies are a cheaper means of transferring the national economy out of poverty. Ederveen et al. (2006) show that regional assistance in Europe has been more efficient in accelerating the process of convergence in nations with more developed institutions.

This study specifically examines aid effectiveness in the context of the individual institution that is receiving the assistance, as it shows that it is not adequate to examine the impact of the country's overall quality of institutions and policies on the effectiveness of aid. As demonstrated across the case studies, impact varies from one institution to another. The impact of the four variables used by Burnside and Dollar (2004) as a general measure of institutional quality vary greatly among institutions being examined in this research.

Devarajan, Dollar, and Holmgren (2001) and Dollar and Svensson (2000) argue that aid has not had systematic, beneficial impact on institutions and policies. Nonetheless, this research shows that the nature of the aid intervention determines its contribution to improving the institutional quality of the institution that is receiving the assistance. Some aid projects intend to improve institutional quality, while others do not.

The four cases studies in this research emphasised the need for institutional development in Jordan. Though some institutions have better capacity than others, improving institutional capacity, in general, remains an important factor for achieving greater impact of foreign aid.

The current research looks at recipient government policies and practices in relation to aid. It examined the effectiveness of aid as influenced by the policies and practices of the individual recipient institution, not only the general ones of the government.

As indicated during interviews with a number of policy makers from JICA, USAID and GTZ, a main problem facing donors in the area of development assistances – one that is given much attention- is the problem of fungibility of foreign aid. For example, governments receiving foreign aid to support health may actually reduce the amount of funds they spend on health and allocate extra funds to another sector. A donor country may have the education or water projects as a main priority and be ready to fund such projects either as designed by the recipient government or the donor. In some cases, the recipient government may in fact reduce its original planed allocations in the areas where they secured grants, while the donors' objective is to add to the existing allocations to advance the development of the targeted sectors.

Looking across the four case studies, this research shows that the recipient country, Jordan, has slightly different objectives and expected outcomes from development projects than the stated objectives agreed upon with donors. It usually seeks quick and more visible results and in some cases sets very ambitious targets to achieve in a short period of time. In part this is due to the lack of appropriate and adequate information available to decision makers, but may also indicate a different criteria against which success in measured.

One of the main observations in this research is the lack of written policies and strategies, in addition to the lack of reporting on and evaluation of projects by the recipient government. This is because the recipient country often lacks systematic procedures for the necessary performance measurement and also has limited knowledge and understanding of its socioeconomic situation. It has very limited scope for presenting a well-founded long-term policy of its own, which is a major problem when it comes to formulating a view of its own development needs in the discussions with donors about required social and economic targets. In many cases, this mission is almost directly taken over by the donors, who proceed to devise a long-term policy for their own activities and programmes in the recipient country, often on the basis of inaccurate information that are not adequately directed towards the local situation and areas of development needs. This problem is somewhat caused by a lack of technical capacity on the part of the authorities in the recipient country.

The Ministry of Education in Jordan does not have defined priorities in terms of services provided to students. Many schools in Jordan lack basic minimum needs for students, such as the lack of heating and adequate learning resources, as well as overcrowding, which impact the quality of learning. Introducing IT to such schools would not be effective unless it is preceded by providing basic needs. Nor would it be effective if the implications of using ICT were not realised. If ICT is introduced into a system that is centrally controlled, reliance on text bodies and instructions, and regulated by tests, then it cannot make a significant difference in itself. Nonetheless, one of the ICT Initiative's activities was the establishment of a high-speed, broadband connectivity to all the nation's schools including the disadvantaged ones.

The ICT initiative demonstrated the recipient country's weak policy and strategy planning caused by the lack of understanding of institutional capacity. Jordan's national ICT vision, adopted by the Ministry of ICT, stemmed from the King's directives, conveyed in one of his speeches, to develop Jordan as an ICT hub and build a national knowledge-based economy. This vision may be well-justified and makes sense in terms of a general national long-term development plan. Nonetheless, the objectives and short-term targets set in order to translate this vision on the ground were very ambitious and the bar was set too high to be reached within the proposed

timeline. A number of Jordanian government officials believed those targets were attainable because the initiative enjoys the active support of the King. Apparently, that was the main reason that led the government to develop the ambitious targets and action plan, rather than feasibility studies or realistic assessment of available resources. The donor usually takes on the responsibility of developing sound and good-quality plans, yet, in many cases, without an active involvement of the recipient.

Taking account of recipient policies that are related to culture and society is very important as it could greatly impact the effectiveness of aid projects. Awareness of the social impact of introducing and developing ICT in Jordan was essential. The government of Jordan is the major employer in the country. The introduction of ICT, especially the e-government project, implied downsizing line-ministries involved. That meant that many government employees were going to lose their jobs. From the point of view of the donor, that was considered a positive outcome, while in the point of view of the recipient government, that was not feasible as the government had a social responsibility towards these people and discharging them could cause internal disturbance.

Change in government takes time and is very challenging, not to mention budgetary and capacity constraints. Regardless of the motive, when recipients attempt to develop a certain strategy, the objectives and timelines are not usually based on a realistic understanding of the limitation of institutional capacity nor is it based on accurate information or feasibility studies.

Projects and initiatives supported by the head of state in most of the developing countries receive outstanding endorsement by government bodies that provide all possible resources and operate with full capacity to implement these projects and obtain ultimate benefits according to the stated objectives. This is due to the fact that most of these countries are more driven by the people in power rather than by the ordinary citizens who do not have a significant influence over policies and decision-making processes in their country. Yet, in the developing countries that enjoy a good policy environment and governance, decisions and policies set by the government or the head of state are usually formulated for the benefit of the people.

Another aspect of recipient governments' policies on foreign aid is the fundraising policy. Many recipient governments, when seeking funding for certain projects, try to slot into the project's components subject matters that are important to donors, such as women and environment issues, in order to enhance their chances of securing funding. For this reason, the Ministry of Water incorporated and highlighted the social and environmental impact of the Zai water project in the funding proposal to Japan, in accordance with Japan's aid priorities. The Ministry of Water acknowledges that those areas are not priorities for the Ministry, yet they are important factors that might lead to securing funding from Japan. The consequence of this action entails low commitment to achieving such objectives or inserted components by the recipient, especially in the long-run.

The level of cooperation and commitment to advance development projects objectives by the recipient government depends mainly on the importance of the development project to the recipient country. The ICT Initiative and the Water project were high priorities for the government of Jordan therefore they received considerable support from the government, while the Education project was less important and thus received less support. On the same note, the Petra project was not a priority for the government of Jordan and thus received minimal endorsement.

In addition to the 'strong human need for identity and roots' (Morgan, 2005, p.42), the above highlights the importance of home-grown initiatives as they receive better support from the host government than any initiative or project that is suggested by donors, which, in some cases, are seen as a foreign imposition.

8.3.1 Effect of Stakeholders on Reform

As explained earlier in the research, donor countries have to justify foreign aid spending and policies to their stakeholders who therefore can greatly influence these policies. The recipient country, on the other hand, does not have to do so, as public opinion and ordinary citizens do not usually have much influence on how and where foreign aid to their country is spent.

In aid recipient countries with good governance, public opinion and stakeholders have, to some extent, an effect on the imposed reform that comes packaged with the foreign aid to their country and the subsequent change that might come about.

Different stakeholders in aid recipient countries may resist economic reforms such as currency devaluation, privatization, and the elimination of food subsidies due to suspicions about the intentions and advantages of these reforms or because they suppose that these reforms will hurt their interests. Whether such opposition can hinder reform depends on the political weight of these stakeholders (Adams, 2000). Nonetheless, it is unlikely that stakeholders would oppose foreign assistance related to basic human needs that directly helps the poor. A number of government officials from the different Jordanian line-ministries pointed out that the most influential stakeholder that has the authority to question reform efforts is Parliament. However, the Parliament is not consulted on foreign aid spending, and thus has no influence.

When governments of developing countries attempt to privatise state-owned entities, for example, more stakeholders with greater political weight are likely to lose out than benefit. Urban workers, students, bureaucrats, and the poor are likely to be disadvantaged and will strongly oppose the privatization of state firms. But the ruling elite and politicians could also resist privatization, worrying that such reform would reduce their economic benefits.

However, stakeholders do not possess an absolute decision over economic reform, and policy reform can, and often does, happen despite the opposition of certain stakeholders (Adams, 2000). It depends on the degree of influence of the stakeholders opposing reform. Within aid recipient countries, governments' preferences are usually in favour of the interests of the wealthy who have a stronger political influence through economic and financial means, through their capacity to affect public opinion, or through their influence on government officials. For example, a large number of low-profile stakeholders who are middle or lower class citizens disagree with eliminating food subsidies, but the total weight of those stakeholders is approximately equal to the total political weight of a minor but more powerful group that favours this change. Food subsidies can be eliminated or reduced depending on the government's policy that might favour the more general national interest.

8.4 The third objective was to:

'Investigate and compare the extent of difference in interests and objectives between bilateral donors and recipient governments in relation to aid.'

Good relationships between the donor and recipient contribute to the success of a development project as they significantly affect the project's implementation process and its sustainable benefits. If the relationship becomes one of continued collaboration, the outcome for the project's objectives will be positive. However, the possibility of cooperation as opposed to disagreement is, in some cases, related closely to the strategic objectives of the donor and the fashion in which the project is advanced; that is, the extent of selfishness or contradiction which may exist within the donor's strategy. It is also related to the past experience and cultural and social processes in the recipient country, which the donors may not be able to affect positively with their policies and approaches, even when they are free from inconsistency.

Understanding the individual diversity of social structures, cultures and traditions, of the community in the recipient country by the donor and their relation to government policies and practice, is essential to ensure that aid programmes design and implementation take all this into consideration as they highly influence the success of the intervention.

In projects that comprise social and cultural elements, involvement of recipient country's experts and staff in management and implementation is crucial to ensure as far as possible that projects do not conflict with a country's traditions, culture and politics. Local experts and staff are more familiar with their government system, and its shortcomings and institutional limitations; therefore, they are more capable of foreseeing problems that might emerge during the implementation process. Continuous dialogue between the donor and recipient, especially in the design stage, is essential to properly address politically and culturally sensitive issues and produce

outputs that are in line with the recipient country's cultural context and social structures.

In addition, good interpersonal relationships between the donor and recipient officials and operatives help facilitate in practical ways the implementation process. This is well illustrated in the Capacity Building project, as one of the main factors that led to the success of the project was the high level of cooperation and understanding between DFID staff and consultants on one side and the working groups from the Ministry of Education on the other.

The timeline between providing development assistance and the actual changes in performance and other outcomes is long in some projects. It requires the donor to establish good relationships with the recipient and understand the institutional restraints. This in turn requires clear and productive communication between the donor's consultants and the recipient's officials and staff, and the donor's understanding of and acquaintance with the recipient's traditional and political characteristics. Out of the four projects portrayed in the case studies, the Water project funded by the Japanese government was the only project that was completed on time according to the project design because it was a straightforward physical construction project, while the rest included other aspects that require changes in behaviour and capacity building.

Project agreements cannot predict all contingencies that could have an effect on a project and specify in advance actions that should be taken in response. When good relationships and understanding between donors and recipients exist, decisions are likely to be made in support of the project and in a timely manner which makes it more likely that the project will succeed.

This research shows that the extent of differences in interests and objectives between the donors and recipients in relation to aid programmes or projects also impacts their measure of success or failure. When asked about whether they believe the project was successful or not, and to what extent, respondents from each side, across the four case studies, had different answers. This only made sense when the answers of each party were compared to their original objectives they set out for the project. The interests

and objectives of the recipients were mainly identified in this research through interviews, as there were rarely any documents produced by recipients about the projects, especially ones that describe outcomes and impact.

Generally, when measuring the success of aid interventions, recipients focus on the main goal and quick and physical outputs, while donors take into account secondary objectives like environment and gender, and the recipient's contribution.

A main factor that affects the Government of Jordan's policies is the constant change of governments and cabinet reshuffles. New Ministers try hard to show quick results because either they know that they are not going to remain in their positions for a long time, or they want to maintain their positions in the next reshuffle or new government. This suggests that the Jordanian government's goals and policies are mostly designed for short runs.

Because of the fact that aid projects' documents are produced by the donor, only the donor's point of view is presented to the public and most importantly to researchers. By and large, researchers from the developed world study and reflect the donor's input and perspective as they examine the impact of foreign aid, while this research uses a balanced approach to introduce a balanced outlook and analysis of the impact of aid based on an equal input from both the donor and the recipient and examination of their different perspectives.

8.4.1 Flexibility of Project Design

Change in developing countries' institutions takes time and is very challenging mainly because of the volatile and fast-shifting environments of the these countries. Flexible aid project designs enable donors to deal with such volatile situations to ensure greater effectiveness of aid.

The Jordanian Ministry of Education failed to undertake the central functions of monitoring and evaluating the work of schools as agreed with DFID in the original project covenant. Consequently, DFID increased the Project's budget to develop self-

training and evaluation manuals for the teachers, school administrators and ministry personnel to enable them to perform the monitoring and evaluation. This action taken by DFID helped advance and support the project and ensure its success. DFID took into account the uncertain environment in which the Ministry of Education operates and, thus undertook a flexible strategy in dealing with the situation, which contributed to the project's success.

On the other hand, Japanese aid lists all provisions in the project agreement, and any needed modification on the project that emerges during the implementation process has to be approved by Japan's Ministry of Foreign Affairs in Tokyo. This centralised management approach makes the process inflexible and bureaucratic, and therefore seriously hinders and delays the project implementation process should contingencies arise. The Ministry of Water fulfilled its commitment to build a water conveyance on time, probably taking into consideration the inflexibility of the Japanese aid.

The issue of flexibility as opposed to conditionality is controversial and shows great discrepancies among donors. This raises two issues: the first, for example in the Education Project case study, the flexibility of the donor resolved a major problem that could have affected the successful completion of the project; the second is the issue of commitment by the recipient, and whether the donor should compel the recipients to their commitments by imposing conditionality.

Flexibility is important when it comes to contingencies outside the control of the recipient, while otherwise compelling the recipient to their commitments, provided they are doable, through conditionality has in some cases proven to be effective.

8.4.2 Cooperation between Donors and Recipients over Project Design

The best environment that favours the effectiveness and success of a development project is the one in which the desired outcomes and objectives of the development project designed by the donor is similar to what the recipient government needs or what they would have chosen in the absence of the donor's involvement. This is

because the recipient government shares with the donor both the objectives of the project as well as an understanding of the best implementation practices.

Looking across the four case studies, research shows that the projects, where donors were involved with recipients in the initial planning and designing of the project, have achieved their stated objectives against the project's blueprint. It also demonstrates that the projects' stated objectives are best attained in the case studies where the goals and objectives of the project were set originally by recipient countries and subsequently developed and honed in cooperation with donors' consultants and experts.

The Education project, ICT Initiative and the Water project came as a response to initiatives and/or proposals put forward by the government of Jordan. The donors took into consideration the priorities set by the Jordanian government. They conducted policy dialogues and joined with the government of Jordan in drafting and developing projects' blueprints and roadmaps. This ensured smooth implementation of the projects and reduced the possibilities of the emergence of major constraints and obstacles during the implementation processes.

Yarmouk University, a Jordanian government university, came up with the idea of the Petra project. The initial proposal was to develop laboratories and testing facilities at the University to assist local researchers and experts in researching stone properties in Petra. The proposal was submitted to the German government for funding, which in turn tailored the project to include economic aspects in order to align the project with the German international development policy to be able to finance it. This has created many complications in project implementation and sustainability since the recipient and the donor have different interests and only the donor's interests were taken into consideration in the project's blueprint.

As demonstrated in the case studies, knowledge sharing is also very important for successful development partnership. King and McGrath (2004) argue that knowledge sharing for donor agencies is compromised by the extent they perceive themselves, to be in the 'driving seat' of development partnership. They argue that openness and symmetry are not usually an accurate description of how aid agencies work. They also

emphasize the key role that attitude play in development cooperation. As shown across the four case studies, both recipient and donor personnel's attitudes are key to successful development cooperation.

8.5 The fourth objective was to:

'Assess the consequent effectiveness of the various forms of foreign aid (financial and technical) on Jordan.'

Kosack (2003) shows that the impact of aid on the quality of life is conditional upon the degree of democracy, while Svensson (1999) examined the effect of democracy on the aid-growth nexus, and showed that the growth impact of aid was conditional upon the level of democracy. Jordan is regarded by several international rating organisations as a country that enjoys a good level of democracy. The country's level of democracy has a positive impact on the effectiveness of foreign aid.

Assessing the effectiveness of foreign aid is not an easy exercise, as it is influenced by several variables that are difficult to measure. It is inadequate to evaluate aid projects and programmes based only on the assessment of the transformation of inputs into outputs with narrow reference to immediate and long-term development results. Moreover, measuring the success or failure of aid projects varies depending on the point of view of the donor and the recipient and in accordance with the priorities and interests of each.

Project evaluation focuses on results and on the progress made in relation to project objectives. The two important issues in assessing performance are efficiency, which is the best possible transformation of inputs into outputs, and effectiveness which is the extent to which a programme or project achieves desired outcomes.

Development effectiveness is the extent to which a project has brought about change to communities and target groups. Success is measured by assessing the impact of the development project or programme - the overall impact of the intervention. The impact goes beyond the achievement of immediate objectives and outputs and tries to

capture the economic, social, environmental, and other developmental reforms that have taken place as a result of the project or programme. Moreover, other very important aspects in measuring success are sustainability –the durability of positive project outcomes after the termination of the project, and the contribution to institution building –the degree to which a project allows target groups to be self-supporting.

The World Bank uses an objectives-based method to assess development effectiveness. The approach includes both independent and self-evaluation; it allows real-time assessment of ongoing operations, and uses external expertise and stakeholder participation.

The World Bank's main evaluation work uses a criteria developed by its Operations Evaluation Department over the past 30 years. The Operations Evaluation Department assesses development programmes by comparing their results with their objectives. This methodology concentrates on the project's outcomes, sustainable benefits, and the impact of the World Bank operations on institutional development.

The Operations Evaluation Department assesses outcomes in view of three factors:

- 'The <u>relevance</u> of the intervention's objectives in relation to country needs and institutional priorities. This factor is particularly important for its ability to identify excessively or inadequately ambitious objectives.
- The <u>efficacy</u> of the intervention—that is, the extent to which the developmental objectives have been or are expected to be achieved.
- The <u>efficiency</u> of the intervention—that is, the extent to which the objectives have been or are expected to be achieved, using the minimum resources. In addition, the benchmark for a satisfactory investment project is an economic rate of return of at least 10 percent' (World Bank, 2002b).

'By combining these three factors, overall outcome is rated on a six-point scale, ranging from highly satisfactory to highly unsatisfactory:

Foreign Aid's Outcome Rating Scale

- *Highly satisfactory*: All relevant developmental objectives are (or are expected to be) achieved and/or exceeded efficiently, with no shortcomings.

- *Satisfactory*: Most of the relevant development objectives are (or are expected to be) achieved efficiently, with only minor shortcomings.

- *Moderately satisfactory*: Most of the major relevant objectives, on balance, are (or are expected to be) met, although significant shortcomings are observed.

- *Moderately unsatisfactory*: Many of the major relevant objectives are not (or are not expected to be) met; major shortcomings are observed.

- *Unsatisfactory*: Most major relevant objectives are not (or are not expected to be) met and/or most objectives are not relevant.

- *Highly unsatisfactory*: None of the relevant objectives is (or is expected to be) met and/or objectives are not relevant' (World Bank, 2002b).

In a statement in 2007 by the Director General of the World Bank Group Evaluation to the Board of Executive Directors on the Group's Development Effectiveness, he pointed out that the Group's effectiveness in development is being jeopardised by serious governance problems. He stated that the Evaluation Department found that past performance of the WBG projects been strong, but recent evaluations raised concerns regarding accountability, transparency, and probity (World Bank, 2007). It is ironic that the leading organisation, that has long been urging countries to apply the principles of good governance, is having serious governance issues itself.

As mentioned earlier in this research, the success of a project is determined by its contribution to sustainable human development in the country in which it is implemented. Assessing the impact on the country as a whole is a difficult task, especially in the case of small projects that have limited objectives and small beneficiary populations. For the purposes of this research, the measure of project success is limited to an assessment of the effects of the projects on their target groups, the sustainability of the projects; and their contribution to institution-building. The consequent effectiveness of the development projects on Jordan is looked at in the overall context of the performance of Jordan in the specific development areas.

The Capacity Building in the Management of Jordan's Education Services project funded by DFID had five stated objectives and outputs. The Jordanian Ministry of Education officials who were interviewed believe that the project was completely successful and that it has attained all its objectives in terms of upgrading the Ministry of Education's capacity in the field of qualitative development of educational services a) by developing educational management at the headquarters and districts, b) by developing the department of training, qualifications and educational supervision, c) by developing school management, and d) by disseminating innovative educational approaches for the basic classes (1-3).

The upgrading of the Ministry of Education's capacity in the field of qualitative development of educational services that came as a result of the project can be evaluated from different perspectives. The Ministry of Education found the upgrading fully satisfactory in their terms. DFID also considered the upgrade to be satisfactory to some extent, yet it was not up to DFID's expectations.

Moreover, four of the five objectives and outputs of the project are agreed upon fully by both the donor and the recipient. Nonetheless, the fifth output which is 'increasing the opportunities of women in management of the educational process' is not a priority and not even a secondary objective for the Ministry. It only concerns the donor who introduced this objective mainly because it falls within its main development policy that presents a good aid justification before the taxpayers. The Ministry adopted this output upon DFID's request but the success or failure of this objective did not affect, in the Ministry's point of view, the overall success or failure of the project.

The efficient measure of the extent of success or failure of a development project depends heavily on the continuity of the project and how sustainable the benefits are. Sustainability means the degree of resilience to risk of net benefit flows over time, the vulnerability of the programme to changes taking place in the operating environment, and the sustained production of benefits for as long as projected.

The Capacity Building in the Management of Jordan's Education Services project managed to develop sustainable capacity to manage qualitative improvement in the

education service in Jordan. It built resources and structure within the Ministry of Education and its district directorates. Having done that, more sustainability is ensured and the Ministry became fully capable to continue disseminating the project on its own. The Ministry continued the ongoing training of its human resources on all project outputs and implementing the project in the rest of the district directorates in Jordan as in the project plan. It allocated money out of its annual budget for the continuation of project dissemination; and the human resource training programmes became part of the institutionalised training and human development system in the Ministry.

The ultimate goal of this project is to advance the education sector in Jordan. Building the capacity at the Ministry would help a great deal in achieving this goal. However, the particular contribution of the project to the overall development of the education sector in Jordan remains unclear as there are other education projects and programmes and several factors affecting the improvement of the education sector.

Measuring the effectiveness of the Improvement of Water Supply System to Greater Amman Project funded by the Japanese Government is an easier task as the project's outcomes are physical. The project's main objectives were to improve the supply of potable water in Greater Amman, obviate the water supply restriction in winter and significantly alleviate the water shortage in the summer. This was done by replacing the aging equipment of the pump stations of the Zai Water Plant as well as designing and building an expansion to the Plant, so its production would increase from 37 to 90 million cubic metres per year.

All the main stated objectives of the project have been attained, and the project's outcomes have directly contributed to resolving the water shortage problem in Jordan by providing the citizens of Amman city with 90 million cubic meters per year of potable water from the River Jordan that was made available by the 1994 Peace Treaty between Jordan and Israel.

Nonetheless, the challenge remains in maintaining the level of water supply in the long run. Every three and five years, Japan dispatches experts to carry out maintenance and repair work, and supply spare parts if needed in order to maintain

the necessary operations of the Water Plant. At the end of the project, Jordan was unable to do the major maintenance work on its own and remains dependent on the Japanese government for that matter. One can say that the project has contributed significantly to solving the water problem in Jordan, but did not help Jordan become self-reliant in terms of constructing and maintaining water projects as this was not among the project's goals.

The Petra Stone Preservation Project funded by GTZ aimed to assist the Jordanian government in the establishment of a conservation and restoration centre in Petra –to be entirely operated by Jordanian specialists and staff that are able to independently plan, carry out and supervise conservation and restoration work on the Petra monuments. In other words, it aims to build Jordan's capacity to carry out the restoration work on the Petra monuments. At the end of the project, the centre was built and equipped and a number of Jordanians were trained to run the centre and carry out restoration work.

The long-term objective of the project is to preserve the Petra monuments since they are a world heritage site that attracts thousands of tourists and provides income to Jordan. The sustainability of the centre's undertakings and the proper preservation operation remains uncertain (See page 275), and thus might not, as had been anticipated, have contributed to Jordan's tourism sector and economic development.

Measuring success and effectiveness is not limited to goals and objectives being met. Overall outcome, long-term benefits, impact on the social structure, contribution to capacity building, and undependability are all important factors for a proper assessment of the effectiveness of foreign aid.

The Government of Jordan has undertaken serious economic and public sector reform initiatives that contributed to rapid economic growth. Those initiatives were supported by various bilateral and multilateral donor agencies. Nonetheless, Jordan's external debt remains relatively high. Major challenges facing Jordan include: vulnerability to regional shocks, high poverty and unemployment rates, and poor water resources.

Within this context, the international donor agencies are positioned to assist Jordan in addressing these challenges by focusing on the development priority areas and working towards the realisation of the MDG.

Chauvet & Guillaumont (2002) show that foreign aid promotes the sustainability of growth and policy reforms, and is found to be more effective in countries that are susceptible to external shocks. In general, aid to Jordan has had a positive impact on the country as a whole. Susceptibility to external shocks might have improved aid effectiveness. It is, however, difficult to substantiate this. It certainly gave an additional incentive.

With the donors' support, Jordan made substantial progress in almost all areas covered by the MDG, and is likely to meet the target levels by 2015 according to the World Bank (Table 8.1) (see also table 1.1).

Table 8.1 Jordan: Millennium Development Goals –Target Levels by 2015

Indicators	1990	1995	1999-2000	Goals 2015
1 Eradicate extreme poverty and hunger				
Population below $1 a day (%)	<2	2.0	<2	1.51
Prevalence of child malnutrition (% of children under 5)	6.4	6.4	5.1[a]	3.68
Income share held by lowest 20%	..	..	7.6[b]	..
2 Achieve universal primary education				
Net primary enrollment ratio (% of relevant age group)	66.3	67.5	96.5	100
Youth literacy rate (% ages 15-24)	97.0	98.4	99.3	100
3 Promote gender equality				
Ratio of girls to boys in primary and secondary education (%)	93.2	96.5	96.5	100
Ratio of young literate females to males (% ages 15-24)	97.3	99.0	100	100
4 Reduce child mortality				
Under 5 mortality rate (per 1,000)	34.0	34.2	30.3	11.33
Infant mortality rate (per 1,000 live births)	30.0	28.5	26	8.3
Immunization, measles (% of children under 12 months)	87.0	92.0	94.0	..
5 Improve maternal health				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	41.0	..	13.5
Births attended by skilled health staff (% of total)	87.0	97.0	..	100
6 Combat HIV/AIDS, malaria and other diseases				
Prevalence of HIV, female (% ages 15-24)	..	..	0.02	b
Tuberculosis cases detected under DOTS (%)	..	..	33	b
7 Ensure environmental sustainability				
Access to an improved water source (% of population)	97.0	..	96.0	98.5
Access to improved sanitation (% of population)	98.0	..	99.0	99.0
8 Develop a Global Partnership for Development				
Personal computer (per 1,000 people)	..	6.4	22.5	..
Fixed line and mobile telephones (per 1,000 people)	57.9	60.5	151.2	..

Note : [a] numbers reflect 1997.
[b] halt, and begin to reverse.
Source: World Development Indicators database, April 2002.

8.6 The fifth objective was to:

'Examine the impact of conditionality on the effectiveness of aid programmes.'

8.6.1 Tying aid

Donor agencies may require recipients to spend some or all of its foreign aid on goods and services produced in the donor country, a practice identified as tying aid. Donor governments then justify their aid policies and budgets to taxpayers by claiming that they promote national commercial interests. There is no consensus in the literature as to whether tying aid decreases its efficiency. However, tied aid reduces the recipient's freedom to seek unlimited full-and-open-competition Requests for Proposal for the aid implementation contracts. Jepma's literature survey (1991) found that tying aid increased the cost of aid projects and programmes around 15–30 percent, which suggests that tying aid decreases the value of foreign aid by 13–23 percent.

Tied aid may have unseen costs for the recipient. Aid may be presented with the best interests of the donor in mind not those of the recipient country, and the financial assistance involved in the concessional or tied aid may benefit the donor rather than the recipient country. Moreover, there would be no linkages between the development projects and the local economies. Thus, the local economy receives little long-term benefit from the aid projects (Congressional Budget Office, 1997). This research shows that, in some cases, tied aid is used as means of maintaining influence and control in the long term.

This is manifested in the 'Improvement of Water Supply System to Greater Amman' project funded by the Japanese government. Although Japan's development assistance programmes aimed to 'cooperate with economic and social development by helping the government of the recipient country to introduce and upgrade its facilities and equipment', Japan aid does not apply this goal in its entirety. It required all project consultants to be Japanese, equipment to be imported from Japan, and the

construction work to be undertaken entirely by Japanese firms without outsourcing local companies in the recipient country.

Similar to the Japan aid, USAID has similar policy in terms of requiring the aid recipient country to spend aid money on goods and services produced in the US. However, due to the nature and the goal of the ICT Initiative, involving Jordanian companies to carry out the ICT projects seemed to add a great value to the main goal. For that reason, USAID allowed outsourcing to Jordanian companies. This has strengthened the ICT sector and established linkages between the ICT Initiative and the local economy, and also allowed the local economy to obtain the desired long-term benefits.

By examining and comparing tied aid in the different case studies, this research shows that tying aid reduces its effectiveness; the more the aid is tied the less effective it is.

8.6.2 Conditionality of Aid

Graham and O'Hanlon (1997) argue that many countries in Sub-Saharan Africa are poorer than when they started receiving development aid. The solution they presented is not to end development assistance, but for donors to know when to decide to cut off recipients that fail to adopt sound economic policies.

For donor countries, aid has helped to stabilise their economies and strengthen their influence over developing countries. Aid conditionality has helped to ensure that donors promote their commercial objectives, values, cultural aspirations and political interests.

Most aid agreements signed between donors and recipients contain common obligations and shared responsibilities that have a bearing on the outcome of aid programmes or projects. It is possible for donor countries to interfere with the internal affairs of a recipient country through conditioned aid and through domestic governance related projects.

The foreign aid literature shows that different countries have performed in different ways in terms of developmental outcomes (Roodman, 2004; Svensson, 1997). Termination of a development project or withdrawal of future funding if the recipient country does not keep its commitments has rarely occurred in the history of foreign aid. Many donor countries have found it difficult to withhold funds from a recipient country that does not keep its promises and commitments that are agreed upon in the project covenant. A USAID official explained that once funds have been obligated in a donor agency's budget, withdrawal or de-obligation of funds could pose possible risks to the donor's future aid allocations. Moreover, aid money that is not spent during a budgetary period is, in some cases, considered by the donor country's legislatives as surplus to be reclaimed, thus the efficiency of the aid agency could be questioned.

Countries that succeed in the proper implementation of aid programmes probably do not need the discipline of conditionalities in the first place. Being a middle-income country with good governance, Jordan is not subject to harsh or significant aid conditionalities such as substantial governance reform and corruption control measures. Donors recognise that Jordan, in general, is better placed than other developing countries in its own considered wisdom to implement aid programmes and that it is somewhat founded on a culture of self-discipline.

The ICT Initiative funded by the USAID had no serious conditions associated with it, while JICA requested the GOJ to build a conveyer to pump the water to Amman. GTZ added one condition to the Petra project. It required the Department of Antiquities to build the Petra Preservation Centre to guarantee the department's long-term commitment to the success and sustainability of the project. The Department of Antiquities took much longer time than agreed upon in the project covenant to build the centre. However, GTZ did not threaten to withhold aid if the centre was not built (See page 269).

At a critical stage in the Education project implementation, DFID requested the Ministry of Education to add a fifth output to the project which is 'increasing the opportunities of women in management of the educational process'. The issue of

empowering women was originally one of the secondary objectives in the project agreement introduced by DFID. This objective was not properly implemented by the Ministry of Education at the beginning. At a later stage of the project implementation, DFID imposed the issue of women empowerment on the Ministry to be added as a fifth output of the project's overall main outputs. Consequently, the stated objective of women empowerment was attained which 'contributed to the success of the project' only in the viewpoint of the donor.

The United States has introduced a new approach of conditionality that aims to introduce reforms by offering good rewards for governments that demonstrate a serious commitment to human development, good governance and sound economic policies, in order to eventually serve the U.S. national interests. President George Bush announced in 2002 that the United States will increase its main development assistance by 50% over the following three years, resulting in an annual increase of $5 billion. These extra funds went to a new Millennium Challenge Account that funds initiatives to help developing nations develop their economies and living standards (Bush, 2002).

This American initiative is a move from the regular approach of conditionality to selectivity. Given the fact that U.S. aid policy is driven by U.S. national strategic interests, it is difficult to believe that this initiative will, in reality, enforce selectivity of countries merely based on their serious commitment to human development and good governance.

It is worth noting that although it is nowadays considered one of the largest bilateral aid donors, Japan was once the largest recipient of humanitarian aid for six years after the Second World War, according to King and McGrath (2004). They pointed out that Japan experienced early attempts at conditionality related to loans from the World Bank, but, according to Japanese officials, it managed to avoid them because it was convinced of its priorities and ownership of development. Despite Japan's experience with conditionality, Japanese aid imposes conditions and ties.

8.7 The sixth objective was to:

'Identify the essential aspects of Jordanian government policies for managing aid, and measure the effectiveness of aid management in achieving the stated objectives.'

This study shows that the quality of the recipient's policies for managing aid has an impact on its effectiveness. Efficiency of the recipient government institution, human resource policies, and effectiveness of the regulatory system all impact the effectiveness of development assistance.

Poverty reduction remains the top priority for the government of Jordan and it was for this reason that a National Strategy for Poverty Alleviation was launched in 2002. Jordan's government expenditure, balanced around 40 percent of GDP for the past quarter century, is higher than in many other countries. The GOJ expenditures increased in the 1970s, financed by grants from the neighbouring oil-producing countries during the oil boom. However, when these grants dropped, the Jordanian government reduced capital rather than current expenditure (IMF, 2000).

The World Bank (2003b) confirms that Jordan has made excellent progress in developing its human capital over the last 25 years, although these achievements have been very costly and significantly inefficient. In addition, it states that the government has devoted endeavour to addressing water problems, but further actions are needed to increase water use efficiency and strengthen water organisations (World Bank, 2003b).

The efficiency of expenditures is of concern. Despite employing 40 percent of the labour force, the public sector remains a poor provider of public services to individuals and businesses (World Bank Internal Document, 1999). The civil service has usually served as a source of employment for the fast-growing labour force. The increase in public sector employment contributed to the decrease in labour productivity in services such as water and power, and required infrastructure investment has been ignored for so many years. It also led to increasing pension expenditures, with an annual growth rate of about 10 percent (World Bank, 2003b).

This research shows that different Jordanian government bodies operate in different ways, as there exist no unified system and policy that govern all government institutions. It depends on the institutional quality of the government body, how much its system allows for flexibility in terms of providing the appropriate atmosphere for implementing and sustaining the development projects, and how much the institution is willing to allocate available resources for the use of the project. It also depends on the government employees to efficiently implementation development projects.

Initiatives and projects that are supported directly by the King receive exceptional support by the government institutions that employ all available resources to implement them. The ICT initiative was endorsed by the King and thus got all the needed support from the government bodies (initiatives supported by the head of state 249).

The Jordanian Ministry of Planning acts as a clearinghouse for most of the development projects' requests and foreign aid to Jordan. Many donors provide funding through the Ministry that directly channels the funds to the appropriate government or non-government institutions for implementation. These institutions, in turn, perform dialogue with the donor on project plan, design and implementation. This dialogue is performed in the narrow interest and context of each implementing institution and not on a broad national interest level. Some donors, such as Japan, only provide development aid through the Ministry. For example, the Ministry of Water conducted a dialogue with the Japanese government to design and implement the water project after approving project funding through the Ministry of Planning.

The government of Jordan has proved to be more committed to the development projects or programmes to which it has financially contributed. In that sense, some donors require financial contribution from the recipient to establish and foster such commitment.

By examining the Jordanian government policies and practices for managing the different case-study projects, especially the Petra Stone Preservation Project, the current research shows that some civil service regulations, and the practices and attitudes of government employees had hindered the effective implementation of aid

projects. Government of Jordan employees get low salaries, are not subject to any incentive system, and do not have a career ladder. In addition, their jobs are permanent and secured whether they work hard or not, which leaves most of them without any motive to develop professionally or work in a professional manner.

Agreements between recipients and donors are essential on codes concerning salary and benefit levels, recruitment, and the use of government officials for part-time work. Cohen and Wheeler (1997) recommend finding ways to tailor training to develop specified skills directly related to responsibilities within a ministry or government department, without awarding academic credentials that facilitate mobility. The authors suggest decreasing pay disparities by reducing overstaffed lower grades, and using savings to raise upper level salaries. The solution suggested by Cohen and Wheeler (1997) might not be feasible for Jordan as it has a high potential for political resistance for downsizing, especially since the government of Jordan is the biggest employer in the Kingdom, and the employment system, in many aspects, is based on social and political considerations.

The Jordanian government does not give high priority to training programmes for the staff running development projects. Because ministries' budgets are limited, they tend to focus more on physical outputs. For example, the Ministry of Antiquities preferred to utilise the GTZ assistance grant to acquire more tangible outcomes or physical assets, such as buying vehicles and equipment.

Because most of the Jordanian government organisations are not institutionalised, decisions made by government officials are not based on systematic or unified policies. Therefore, in many cases, it depends on the person in power to make decisions that would either be in favour of the development project or would hinder its implementation. This research also shows that change in government personnel is an additional negative factor of management.

Other important deficiencies in the Jordanian Government's aid management practices are lack of coordination and cooperation between the different government institutions, lack of effective monitoring and evaluation practices, centralized management, and bureaucracy.

Chapter 9

Conclusions

This chapter summarises the conclusions drawn from the analysis of the four case studies. The current study looks at Jordan as a middle-income country which has a sound policy environment that favours foreign aid effectiveness. Middle-income countries face considerable challenges that necessitate continued flow of foreign aid, but the kind of these challenges differs among them and a 'one-size-fits-all' approach is unfeasible. According to World Bank (1998), most of the middle-income countries perform best in terms of their macroeconomic policies but there are considerable differences in policy performance across all policy categories. This research has shown that there is also variation among individual government institutions within a country in terms of performance and capacity.

Jordan shares some development challenges and general characteristics of other middle income countries, but it is unique in several ways. The different characteristics of countries make it impossible to generalise liberally from exclusively Jordanian examples. It may be the case that some important issues related to aid provision will be common to several MICs; however, the findings of this research pertain to the Jordanian experience. The scope of this study is limited to performing an assessment of the impact of the individual aid projects being studied in this research on Jordan as a whole, and on the target beneficiaries. There are, however, some significant themes which have a wide resonance.

Literature on effectiveness of foreign aid has mainly focused on assessing the impact of aid on economic growth. There was a common perception in the 1990s that foreign aid was ineffective at stimulating growth in developing countries. However, Burnside & Dollar (1997, 2000, 2004) stimulated the aid effectiveness argument. They show that aid effectiveness is dependent on the macroeconomic policy environment of the recipient and that aid is effective in countries with sound policies but has little impact in countries with bad policy environments.

A number of studies, which were influenced by Burnside & Dollar's findings, argued that aid is effective regardless of the policy environment (Hudson and Mosley, 2001; Dayton-Johnson & Hoddinott, 2003; Moreira, 2003). The present study shows that aid can be effective in poor policy environments, and analyses the different factors that impact the effectiveness of aid in such environments.

This study has sought to evaluate the policies and practices of both aid donor countries and Jordan as a middle-income recipient country, and the bearings of these policies on the efficiency of aid programmes. It examines aid programmes, rather than sector wide or budget support, from design to hand over, and identifies best practices in relation to foreign aid.

Assessing the effectiveness of foreign aid is neither a precise science nor an easy exercise. It is insufficient to evaluate aid programmes based only on the assessment of the transformation of their inputs into outputs with limited consideration of the overall short and long-term outcomes.

Levels of success or failure in the development programme varied from the different standpoints of the donor and the recipient. Having different interests and goals, donors and recipients find their respective assessment of the success of development projects depends on the anticipated long- and short-term outcomes and objectives that each considers that they have attained. The success or failure in achieving objectives imposed by donors showed to be unimportance to recipients and thus unlikely to be sustained.

Nevertheless policies that are driven by a donor's national interests play an important role in determining the availability and direction of aid. Bilateral aid is largely oriented towards the donor's strategic and economic interests, much more than being guided by the economic needs, governance and policy performance of the recipient. By and large, successful development in developing countries opens new markets and creates zones of peace and order. Much more than multilateral aid, bilateral aid creates economic opportunities and produces allies to donor countries.

Most donor policy documents and white papers highlight the commitment to focus on recipient needs and to respect the importance of their own initiatives. These documents emphasise the obligation on donors for conducting broad-ranging policy dialogue from various standpoints with aid recipients, especially recipients with good policy environment, in order to foster concepts of partnership, integrate participatory development in aid programmes and ensure best results and benefits. Nonetheless, when it comes down to implementation, all those attractive slogans are likely to disappear. Initial policy dialogue with recipient countries, should it take place, does not necessarily focus on the needs and potential benefits of the recipients from anything approaching a holistic outlook. In their policy dialogue with aid recipients, donors tend to undermine requests made by the recipients and impose provisions and objectives that they think are in the benefit of recipients or that serve their own interests. Furthermore, as this study has shown in a number of instances, during the implementation of projects, donors are inclined to reject or ignore recipient views and suggestions. On the other hand, a number of donor officials maintain that many of their objectives are mainly based on development priorities identified by the recipient country.

Main stated areas of interest in the policy papers of donor countries' are basic human needs, mainly social development and poverty alleviation, and economic development, whilst gender and environment issues are principal priorities that prevail across the donors' stated objectives. Donors tend to focus on gender and environment throughout their development assistance programmes as both, along with poverty alleviation, are well-justified foreign aid objectives in the view of the taxpayers of donor countries.

Foreign aid mainly aims to foster economic growth and poverty alleviation in developing countries. Recipient countries are the beneficiaries of foreign aid, and thus one would assume that they are more motivated than donors towards ensuring success and sustainable benefits of aid projects. This research shows that, in reality, the contrary is true. Donors are more committed to the success of aid projects to ensure that their money is yielding the desired benefits. They are compelled to report to their stakeholders and taxpayers, while recipients do not have the same need, as accountability does not normally extend beyond the government itself.

The influence of the donor's stakeholders shapes development assistance programmes and policies. Stakeholders include all categories of citizens, from businesspeople to ethnic groups and political activists, with each having different priorities. Stakeholders can and have pushed for budget cuts in foreign aid in a number of donor countries, hence donor governments and their bilateral aid agencies have to constantly promote aid policies and priorities that appeal to and are encouraged by stakeholders in order to maintain support for their programmes. Taxpayers in different countries have different interests. For example, European taxpayers endorse efforts to preserve heritage sites around the world, while American taxpayers are more attracted towards helping other countries become economically stable and democratic as it means to them more trade and greater security.

On the other hand, taxpayers in recipient countries are less influential in defining foreign aid policy. It is dependent on the government of that recipient country to favour the general public interest as opposed to that of privileged groups. Projects that are supported by the head of state receive endorsement by government bodies, because the country is subject to the decisions of the people in power rather than democratic will. Donors as well prefer to finance such projects as they ensure best cooperation and backup by the government.

This research identifies a number of variables that influence the effectiveness of foreign aid. These variables include: aid recipient governance, policies and commitment to the advancement of project objectives, donor involvement in project implementation, the nature of development projects, the aid recipient's participation in project design and implementation, relationship between the donor and the recipient, project design process, the recipient government institutions' quality and capacity, performance and commitment of the recipient government employees, and aid conditionality or tying.

Donors follow a standard procedure with regard to their involvement in project implementation that depends on the amount of funding, and the type of assistance. The foreign aid literature argues that the more the donor is involved in project implementation, the better the results and likelihood of success (Brinkerhoff and

Brinkerhoff, 2005; Thomas, 2007). This research argues that in the presence of a good policy environment and good institutions, donors' involvement is important but the degree of its partaking should be determined by factors such as the efficiency, knowledge, and capacity of the government institution implementing the project.

This research shows that aid effectiveness depends on the relationship between the recipient's quality of governance and the donor's level of direct involvement in project implementation. It demonstrates that aid effectiveness is not always positively impacted by greater involvement of donor in project implementation. Greater aid effectiveness is achieved by balancing the extent of donor's involvement on one hand, and the degree of good policy environment and institutional capacity of the recipient on the other –the higher the capabilities of the recipient institution implementing the project, the less the level of donor's direct involvement.

It also shows that, for greater effectiveness of aid, the nature of the project being implemented is an important factor for determining the extent of the donor's involvement. It demonstrates that projects that are of a social and cultural nature or lead to social changes require less donor involvement and more recipient participation. Involvement of recipient country experts and staff in project management and implementation is essential to ensure that projects respond and are sensitive to social and cultural mores.

This research shows that a project's stated objectives are best attained when they are originally set by the recipient country and subsequently developed and fine-tuned in cooperation with the donor. This is because the recipient would share with the donor both the stated objectives as well as an understanding of the appropriate implementation policies. On the other hand, sustainability of objectives imposed by the donor is not guaranteed especially in the long-term. Yet, some donors believe they are more capable of setting development objectives than their recipients with poor institutional quality and governance.

Performance of government bodies depends on their institutional quality. The effectiveness of an aid project depends on the institutional capacity of the government body applying the project in terms of providing the appropriate environment needed

for implementation and sustainability, and allocating adequate resources. As illustrated in the four case studies, different government institutions within the single developing country do not operate with the same aptitude and proficiency because they do not enjoy the same capacity and there exists no unified framework and policy that regulate government bodies' functions on the national level. Therefore it is inadequate to assess the performance of an aid recipient institution based on the overall performance indicators of the country. The literature on foreign aid and the international development agencies assess and rank developing countries based on their overall quality of governance and institutions. Literature shows that aid has been more efficient in countries with more developed institutions (Hermes and Lensink, 2006; Ederveen et al, 2006). This research examined each government institution as an individual entity and evaluated the impact of its policies and practices on the effectiveness of aid. It shows that building the capacity of weak institutions is important for the successful implementation of aid projects.

Because most of the recipient government organisations are not institutionalised, decisions made by government officials are not based on institutional guidelines or general policies. Uninstitutionalised government organisations depend mainly on persons running the organisation to make decisions based on their personal judgement. Those decisions would either be in favour of a development project or would hinder its implementation. For that reason and in many cases, high turnover of recipient government personnel constitutes a large obstacle in aid management.

The research highlights the importance of government employees' attitudes and knowledge in improving the management of aid projects. By and large, developing countries' government employees are paid low salaries compared to the overall standards of living in their country. The government system does not provide financial or moral incentives for qualified personnel. Government jobs are secure and permanent for all employees whether they perform well or not. This leaves the majority of them without any motivation to deliver their work in due diligence. The aid recipient institutions in the case studies that were able to improve their employees' conditions have contributed to improving the impact of the aid intervention.

Government employees are also challenged by capacity limitations and bureaucratic systems. The very few employees that retain high motivation and dedication are highly affected by the systems' constraints and the limited resources that they need to efficiently perform their jobs. On the other hand, donors' employees enjoy a better work environment and have full access to necessary resources.

The level of cooperation and commitment to the advancement of development projects' objectives by the recipient depends mainly on how important each project is to the recipient. For the most part, the recipient government is more committed to development projects to which it has contributed financially, and thus many donors seek to solicit financial contribution from recipients to increase their commitment.

Capacity building and change in the recipient country's government institutions take time and are rather challenging. The uncertain and fast-changing environments of the recipient country require flexible aid project designs that can take in hand uncertainties and contingencies. This also requires the donor to establish good relationships with the recipient and understand its institutional constraints and traditional and political characteristics. This entails intensive long-term communication between the donor's consultants and the recipient's officials and personnel. This research revealed disagreement among donors with regard to introducing flexible project designs as opposed to conditionality.

All the above-mentioned variables are essential for the efficient and accurate evaluation of aid effectiveness. One needs to look at them all together in one context in order to perform a comprehensive overall assessment of the effectiveness of foreign aid.

Research reveals that, by and large, the Jordanian Government lacks written policies and strategies and standard guidelines for dealing with foreign aid flows. It also does not usually produce documentation nor does it have reporting systems on and evaluation of development projects. This is caused mainly by lack of technical capacity and commitment on the part of the authorities. Government institutions with better capacity mostly provide better documentation. Moreover, research shows that

the recipient usually puts more effort into producing documentation on projects that are endorsed by the Head of State.

Documentation, progress reports and evaluation of development projects are usually provided by the donors, as they are obliged to report and justify aid disbursements to taxpayers in their countries. Those documents are the only reference available that is used by people to make judgements on the aid projects, and therefore, only the donors' perspective is disproportionably presented.

This research reveals that aid recipients have, to some extent, different objectives and expected outcomes from development projects than the stated objectives agreed upon with the donors. Recipients usually seek quick and more visible results. This is because they have limited scope for adopting well-founded long-term development policies, in addition to the lack of accurate and adequate information available for decision making. Many Jordanian high-ranking government officials, not surprisingly argue otherwise as agreeing with such a statement would undermine their positions. Government officials, mainly Ministers, also seek quick results because governments in Jordan are short-lived, and thus Ministers have limited time to produce results that in many cases are intended to improve their chances to retain their positions in the following new government or Cabinet reshuffle.

Fundraising performed by government institutions does not usually stem from established development policies. Those institutions, being the subordinate party in the foreign aid equation, generally concentrate in their funding proposal on the donor's development focus, or they add to the proposal components that are important to donors, such as women and environment issues, in order to enhance their chances to obtain aid funds. This research shows that consequences of such acts entail low commitment to the donor's objectives or the added components by the recipient especially on the long run.

Tied aid has unseen costs for the recipient and may be offered with the best interests of the donor not those of the recipient. In addition, it does not establish linkages between the development projects and the local economies. This research shows that tying aid enforces dominance and control by the donor in the long term by creating

dependability on donor expertise and resources for maintaining sustainable production of benefits.

Mainly due to its political importance, Jordan has received a large flow of foreign aid. The majority of aid to Jordan aims directly or indirectly at fostering stability in the Middle East, as Jordan's political and economic constancy is crucial to peace in the region (World Bank, 2002a). Donors included in the cases studies recognise that Jordan on the whole is better placed than other developing countries to manage foreign aid and that it is relatively founded on a culture of self-discipline.

In consequence to donors' assistance, Jordan made considerable progress in nearly all areas covered by the MDG (Millennium Development Goals Basics, 2004), and is likely to meet the target levels by 2015 according to the World Bank (2002a). Jordan has made good progress in developing its human capital over the last 25 years; however, these achievements have been very costly and significantly inefficient (World Bank, 2002a).

This research argues that, in order to maximize the effectiveness and impact of development aid and ensure its sustainable benefits, it is important for the donors to: understand the recipient country's socio-economic and cultural structure and capacity constraints, respond to proposals designed initially by the recipient based on its development needs and priorities, develop effective and flexible project design in cooperation with the recipient institution, establish continuous dialogue and maintain good relationship with the recipient, involve the recipient in implementation based on its capacity, and impose less conditions and untie aid.

On the other hand, it argues that, to ensure greater effectiveness of aid, it is important for recipients to present long-term sound development policies and strategies of their own based on systematic data and knowledge of their development needs and economic and social state of affairs, develop and regulate standard national policies for managing foreign aid and fundraising, and provide incentives for their employees who are involved in aid management to ensure their effective participation and commitment to advancing aid objectives.

The current research reveals that the impact and the role of donors in ensuring the effectiveness of development aid they offer goes beyond selecting the recipients based on their policies and quality of governance. Foreign aid is not donor-neutral and its effectiveness is not only dependent on the quality of governance and institutions of its recipients.

This research shows that foreign aid works best in good policy environments. However, it also works in poor policy environments that do not favour aid effectiveness provided that donors diligently plan and implement sound policies and practices in designing and managing aid that take into consideration the capacity and cultural constraints of aid recipients.

As has been made clear, the case studies are all in Jordan. It is recognised that extensive examination of all donors to Jordan or all aid projects implemented within the five-year timeline of this research would be extremely time consuming given the large number of projects and donors. Though it covered the four main development areas for Jordan, the current research did not capture and study aid policies and practices for all donor agencies working in Jordan, nor did it study all government line-ministries that receive aid. A number of methodological limitations of this research have also been highlighted in the Methodology Chapter (See page 71).

One could argue that no case studies can be used to explain other conditions, but there are certain important lessons to be learned: tensions between donor and recipient will always exist, tensions between central control of events and belief in 'ownership', tensions between rhetoric and reality, and the unwillingness to admit them, and tensions between short term and sustainable benefits.

Therefore, further research building on the interview techniques and detailed analysis, can deal with these issues –i.e. examining reality rather than intentions, exploring the impact of people's views and attitudes on culture and not just the economy.

The current research shows that recipient institutions and policies have an impact on the effectiveness of aid; however, it appears that aid also has an impact on institutions and policies. It might not be a systematic impact analysis as argued by Devarajan,

Dollar, and Holmgren (2001) and Dollar and Svensson (2000), but a valuable future research could examine the impact of foreign aid on recipient government policies, with emphasis on the impact of policy reform conditionality that comes bundled with foreign aid. The impact of instability of foreign aid inflow on the effectiveness of aid programmes, particularly specific sector support, is another important issue that is worth looking at.

References

Access to Microfinance and Improved Implementation of Policy Reform Program (2002) United Stated Agency for International Development. *Grant Beneficiary Handbook*. Amman: AMIR

Acemoglu, D., Johnson, S. and Robinson, J. (2001) 'The Colonial Origins of Comparative Development: An Empirical Investigation'. *American Economic Review* 91(5): 1369-1401.

Acharya, A., de Lima, A. and Moore, M. (2003) *The Proliferators: Transactions Costs and the Value of Aid.* Institute of Development Studies

Adams, R. (2000) *The Politics of Economic Policy Reform in Developing Countries*. Policy Research Working Paper Series 2443, World Bank

Alesina, A. & Dollar D. (2000) 'Who Gives Foreign Aid to Whom and Why?', *Journal of Economic Growth*, Kluwer Academic Publishers, vol. 5: pp.33-63, March

Al-Saleh, M. (2000) *Foreign Aid Administration and its Efficiency*, Jordan: Bilateral Cooperation Department, Ministry of Planning

Aubrey, C. (2000) *Early Childhood Educational Research: Issues in Methodology & Ethics.* Florence, KY, USA: Taylor & Francis

Bauer, P. (1984) *Reality and Rhetoric: Studies in the Economics of Development*. Cambridge: Harvard University Press

Bell, J. (1999) *Doing Your Research Project*. Open University Press

Birdsall, N., Claessens S. and Diwan I. (2002) *Policy Selectivity Foregone: Debt and Donor Behavior in Africa,* Working Paper 17, Centre for Global Development, Washington, DC, October

Biz/ed (2004) *Foreign Aid theories* [online] Institute for Learning and Research Technology, University of Bristol. Available at <URL:http://www.bized.ac.uk/> [Accessed 1 October 2004]

Bjorvatn, K and Coniglio N. (2006) 'Policy Design and Rent Seeking: Targeted versus Broad Based Intervention', Review of Development Economics, 10(4), pp 577–585

Boone, P. (1994) *The Impact of Foreign Aid on Savings and Growth*, London School of Economics, mimeo, June

Boone, P. (1996) 'Politics and the Effectiveness of Foreign Aid' *European Economic Review,* Vol. 40: 289-329. Elsevier Science

Bovard, J. (1986) 'The Continuing Failure of Foreign Aid' *Cato Policy Analysis,* No. 65, January

Brautigam, D. (1992) 'Governance, Economy, and Foreign Aid' *Studies in Comparative International Development*, 27(3), pp.3-25

Brautigam, D. (2000) *Aid dependence and governance*. Stockholm: Almqvist & Wiksell International

Brautigam, D. and Botchwey K. (1998) 'The Institutional Impact of Aid Dependence on Recipients in Africa' Unpublished manuscript, American University School of International Service

Brinkerhoff D. and Brinkerhoff J. (2005) International Development Management: Definitions, Debates, and Dilemmas. Institute for Global and International Studies, Working Paper No. 3, George Washington University. *In:* Pinkowski, J. and Farazmand, A. eds. *The Handbook of Globalisation, Governance and Public Administration:* Marcel Dekker: NY

British Council (2003) *Jordan: Capacity Building in the Management of Educational Services* [online] Available at: <http://www.britishcouncil.org/development-capacity-building-in-management-educational-services-jordan.pdf> . Jordan British Council Development Services

Brynen, R. Korany B. and Noble P. (1998) *The Politics of Monarchical Liberalism: Jorda,.Political Liberalization and Democratization in the Arab World.* Boulder: Lynne Rienner Publishers

Bulmer, M. and Warwick, D. (1993) *Social Research in Developing Countries.* London: UCL Press

Burnell, P. (1997) 'The Changing Politics of Foreign Aid – Where to Next?', *Politics*, Vol. 17: pp.117-125, No. 2. Political Studies Association

Burnside, C. and Dollar D. (1997) *Aid Policies and Growth*, Policy Research Working Paper No. 1777, Washington: The World Bank, June

Burnside, C. and Dollar D. (1998) *Aid, the Incentive Regime, and Poverty Reduction.* Policy Research Working Paper No.1937, World Bank

Burnside, C. and Dollar D. (2004) *Aid, Policies, and Growth: Revisiting the Evidence* World Bank Policy Research Working Paper 3251

BUREAU OF NEAR EASTERN AFFAIRS (2005) *Background Note: Jordan* [online] Available at: <http://state.gov/r/pa/ei/bgn/3464.htm> [Accessed August 2005]

Bush, G. (2002) 'President Proposes $5 Billion Plan to Help Developing Nation. Remarks by the President on Global Development' *Washington Post*, March 14. p.1

Carney, D. (1998) *Implementing the sustainable rural livelihood approach* Paper presented at the Department for International development's Natural Resources Advisers' Conference, London: July

Carvalho, S. and White, H. (1997) *Combining Quantitative and Qualitative Approaches to Poverty Measurement and Analysis*. World Bank Technical Paper no 366

Cassen, R. (1994) *Does Aid Work.* 2nd ed. Oxford: Clarendon Press

Chauvet, L. and Guillaumont, P. (2002) 'Aid and Growth Revisited: Policy, Economic Vulnerability and Political Instability', Paper presented at the Annual Bank Conference or Development Economics: Towards Pro-poor Policies, June 2002, Oslo

Clemens, M. and Radelet S. (2003) *The Millennium Challenge Account: How Much is too Much, How Long is Long Enough?*, Centre for Global Development Working Paper No. 23, Centre for Global Development, Washington

Cohen, J., and Wheeler J. (1997) Training and Retention in African Public Sectors: Capacity-Building Lessons from Kenya. Merilee S. Grindle, ed

Cohen, L., Manion, L. and Morrison, K, (2007) *Research Methods in Education*. 6th edition. London: Routledge Falmer

Collier, P. and Dehn, J. (2001) *Aid, Shocks, and Growth*, World Bank Policy Research Working Paper No. 2688, World Bank, Washington

Collier, P. and Dollar, D. (2002) 'Aid Allocation and Poverty Reduction', European Economic Review, September, 45(1), pp.1–26

Collier, P. and Hoeffler, A. (2002) *Aid, Policy, and Growth in Post-Conflict Societies*, Policy Research Working Paper No. 2902, World Bank, Washington

Commission on International Development (1969) *Partners in development; report. Chairman: Lester B. Pearson. Commissioners: Sir Edward Boyle [and others]*. New York: Praeger

Congressional Budget Office (1997) *The Role of Foreign Aid in Development.* The Congress of the United States. Washington: CBO

Cooke, B. (2004) 'The Managing of the (Third) World'. *Organisation* 11(5), pp.603-629

Cooper, M. (2002) 'Foreign Aid After September 11' *The CQ Researcher.* April 26, 2002. Vol 12, No. 16. CQ Press

Cordella, T. and Dell'Ariccia, G. (2003) *Budget Support versus Project Aid.* IMF Working Papers 03/88, International Monetary Fund

Crosswell, M. (1998) *The Development Record and the Effectiveness of Foreign Aid*. Staff Discussion Paper No. 1. Bureau for Policy and Program Coordination, U.S. Agency for International Development, June

Dayton-Johnson, J. and Hoddinott, J. (2003) *Aid, Policies and Growth*. Redux, Dalhousie University Halifax

Deininger, K., Squire, L. and Basu. S. (1998) 'Does economic analysis improve the quality of foreign assistance?'. *World Bank Economic Review* 12(3): pp.385-418

Demirjian, A. (2002) *Partnering in Support of International Development Initiatives: The INTOSAI Case Study*. Consulting and Audit Canada

Denscombe, M. (2007) The Good Research Guide. 3rd edition. Open University Press

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (1997) *White Paper on International Development. Eliminating World Poverty: A Challenge for the 21st Century.* Cm. 3789, London: DFID (Short Report)

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (2000a) *White Paper on International Development. Eliminating World Poverty: Making Globalisation Work for the Poor.* Cm. 5006, London: DFID (Short Report)

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (2000b) *Jordan's Country Strategy Paper 2000.* [Online]. Available at: <http://www.britain.org.jo/development_a.htm#jor> [Accessed 18 March 2004]

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (2003) *Middle East and North Africa, Regional Assistance Plan*. September. London: DFID

DEPARTMENT OF STATISTICS (2001) *Statistical Textbook.* Jordan: Jordan Press Foundation. Issue No. 52

Devarajan, S., Dollar, D. and Holmgren, T. eds. (2001) *Aid and Reform in Africa*. Washington, D.C.: World Bank.

Devarajan, S., and Swaroop V. (1998) *The Implications of Foreign Aid Fungibility for Development Assistance*. Development Research Group and the Poverty Reduction and Economic Management Network, World Bank, Working Paper No. 2022, December

Dollar, D., and Svensson, J. (2000) 'What explains the success or failure of structural adjustment programmes?', *Economic Journal* 110: pp.894-917

Dollar, D., and Pritchett, L. (1998) *Assessing Aid: What Works, What Doesn't, and Why?*. Published for the World Bank, Oxford University Press

Dollar, D., and Levin, V. (2004) *The Increasing Selectivity of Foreign Aid, 1984–2002*. World Bank. Working Paper No. 3299, May

Dollar, D., Burnside, C. and Svensson J. (1998) *Governance and International Economics*. Macroeconomics and Growth, Development Research Group, Ref. no. 681-70C, June

Dudley, L., and Montmarquette, C. (1976) 'A Model of the Supply of Bilateral Foreign Aid' *American Economic Review*, March, *66*(1), pp. 132–42

Durbarry, R., Gemmell N. and Greenaway D. (1998) 'New Evidence on the Impact of Foreign Aid on Economic Growth' *Centre for Research in Economic Development and International Trade*, No. 98/8. Nottingham

Easterly, W. (2002a) *The Cartel of Good Intentions: Bureaucracy versus Markets in Foreign Aid,* Working Paper 4, Centre for Global Development, Washington, DC: March

Easterly, W (2002b) *Evaluating Aid Performance of Donors*, Centre for Global Development, Washington, DC: October

Easterly, W. (2003) 'The Cartel of Good Intentions: The Problem of Bureaucracy in Foreign Aid.' *Journal of Policy Reform* 5(4): pp.1-28

Economic and Social Commission for Western Asia (2003) *Western Asia Preparatory Conference for the World Summit on the Information Society (WSIS) Beirut, 4-6 February 2003.* Beirut: ESCWA

Edenborough, R. (2002) *Effective Interviewing: A Handbook of Skills and Techniques.* Milford, CT, USA: Kogan Page, Limited

Ederveen, S., de Groot, H., and Nahuis, R. (2006) 'Fertile Soil for Structural Funds? A Panel Data Analysis of the Conditional Effectiveness of European Cohesion Policy', *Kyklos* 59 :17–42

Ehrenfeld, D (2004) *Foreign Aid Effectiveness, Political Rights and Bilateral Distribution* [online] Available at: <http://www.jha.ac/articles/a128.htm> [Accessed February 2005]

Encyclopaedia Britannica Premium Service (2006) *Foreign aid* [online] Available at: <http://www.britannica.com/eb/article-9034854> [Accessed 17 July 2006]

Evans, P. (1989), *Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State*, Sociological Forum, Vol. 4, No. 4

Fallon, P., and Pereira da Silva, L. (1994) *Recognizing Labor Market Constraints: Government-Donor Competition for Manpower in Mozambique.* Lindauer, D. and Nunberg, B. eds., Rehabilitating Government: Pay and Employment Reform in Africa. Washington, D.C.: The World Bank

Fallon, P. et al (2001) *Middle-income countries -development challenges and growing global role,* Policy Research Working Paper Series 2657, The World Bank

Fayissa, B. and El-Kaissy M. (1999) 'Foreign Aid and the Economic Growth of Developing Countries: Further Evidence' *Studies in Comparative International Development,* Washington: Transaction Periodicals Consortium, Fall

Feeny, S. (2007) 'Impacts of Foreign Aid to Melanesia', Journal of the Asia Pacific Economy, 12:1, 34 - 60

Feyzioglu, T., Swaroop, V. & Zhu M. (1998) *A Panel Data Analysis of the Fungibility of Foreign Aid*, The World Bank. Vol. 12, No. 1: pp.29–58

Friedlander, M. (1983) *Sadat and Begin; The Domestic Politics of Peacemaking*, Boulder: Westview Press

GERMAN TECHNICAL COOPERATION (no date) *Environment and infrastructure* [online]. Available at: <http://www.gtz.de/en/themen/umwelt-infrastruktur/875.htm> [Accessed June 2004]

Gillies, D. (1994) Export Promotion and Canadian Development Assistance. Canadian International Development Assistance Policies: An Appraisal. Ed. Cranford Pratt. Montreal: McGill-Queen's University Press

Gillies, D. (1987) *Commerce Over Conscience?* CDAS Discussion Paper No. 48
Montreal: Centre for Developing-Area Studies

Gomanee, K., Girma, S. and Morrissey, O. (2002) *Aid and Growth in Sub-Saharan Africa: Accounting for Transmission Mechanisms*, CREDIT Research Paper 02/05, Centre for Research in Economic Development and International Trade, University of Nottingham, Nottingham

Gong, L. and Zou H. (2001) 'Foreign Aid Reduces Labour Supply and Capital Accumulation', *Review of Development Economics*, Vol. 5, No. 1. Oxford: Blackwell Publishers Ltd, pp.105-118

Goulet, D. (2002) 'Development: Creator and Destroyer of Values' *World Development,* Vol. 20: pp.467-75, No. 3

GOVERNMENT OF JORDAN (2003). *Steering Committee on Poverty Strategy,* Amman: July 2nd

Graham, C. and O'Hanlon M. (1997) 'Making Foreign Aid Work', *Foreign Affairs*, vol.76: pp.96-104, July/August

Guillaumont, P. and Chauvet, L. (2001) 'Aid and Performance: A Reassessment' *Journal of Development Studies*, Vol. 37, No. 6, pp. 66-87

Hadjimichael, et al. (1995) *Sub-Sahara Africa: Growth, Savings, and Investment*. 1986-93, IMF Occasional Paper No. 118, Washington: International Monetary Fund

Halonen, M. (2004) *Coordination Failure in Foreign Aid*, Public Services, Development Research Group, Working Paper no. 3223, World Bank, February

Hareven, A. (1978) *If Peace Comes,* Jerusalem, The Van Leer Jerusalem Foundation

Hart, C. (1998) *Doing a Literature Review: Releasing the Social Science Research Imagination.* (Published in association with The Open University). London: Sage Publications Ltd

Hermes, N. and Lensink R. (2006) *Does Aid Work? New Evidence from Recent Empirical Studies*. Handbook of International Development Governance, New York, Taylor & Francis Group, pp. 163-182

Hjertholm, P. and White H. (1998) *Survey of Foreign Aid: History, Trends and Allocation*, Discussion paper, Copenhagen: Development Economics Research Group

Hudson, J. and Mosley, P. (2001) 'Aid, policies and growth: In search of the Holy Grail', *Journal of International Development*, 13, pp. 1023–1038

Information Technology Association-Jordan, ICT Forum (2000) *Forum on developing ICT sector in Jordan. March 23-24, 2000. Dead Sea, Jordan*

Inglehart, R. (1997) *Modernization and Post Modernization. Cultural, Economic, and Political Change in 43 Societies*. Princeton, NJ: Princeton University Press

International Financial Institution Advisory Commission (2000) *Final report to the Joint Economic Committee*, Congress of the United States, March 8

JAPAN INTERNATIONAL COOPERATION AGENCY (1996) *Country Study for Japan's Official Development Assistance to Jordan*. The Committee on the Second Country Study for Japan's Development Assistance to Jordan. JICA, March

JAPAN INTERNATIONAL COOPERATION AGENCY (2003) *JICA Annual Report* [online] JICA. Available at: < http://www.jica.go.jp/english/resources/publications/annual/2003/index.html> [Accessed 12 March 2004]

JAPAN INTERNATIONAL COOPERATION AGENCY (2004) *Guidelines of the Japanese Grant Aid for General Projects and for Fisheries* [online] JICA. Available

at: <http://www.jica.go.jp/announce/musho/info/guidelines_e.pdf> [Accessed March 2004]

Jepma, C. (1991) *The Tying of Aid,* Paris: OECD Development Centre

Kaplan, S. (1975) 'The Distribution of Aid to Latin America: A Cross-national Aggregate Data and Time Series Analysis,' *Journal of Developing Areas*, October, 10

Karl, T. (1997) *The Paradox of Plenty: Oil Booms and Petro-States*. Berkeley: University of California Press

Karlsson, C. (2002) *Special issue on research methodology in operations management.* Bradford, UK: Emerald Group Publishing Limited

Khan, H. and Hoshino E. (1992) 'Impact of Foreign Aid on the Fiscal Behaviour of LDC Governments' *World Development*, Vol. 20, pp.1481-1488

Khatib, A. (1998) 'Japan grants Jordan $63m to double output of Zai water treatment plant' *Jordan Times*. p.1, September 6

Kilby, C. (2000) 'Supervision and Performance: The Case of World Bank Projects' *Journal of Development Economics* 62: pp.233-59

King, K and McGrath, S. (2004) *knowledge for Development? Comparing British, Japanese, Swedish and World Bank Aid*. London: Zed Books Ltd

Knack, S. (2001) 'Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests' *Southern Economic Journal* 68(2): pp.310-29

Knack, S. and Rahman A. (2004) *Donor Fragmentation and Bureaucratic Quality in Aid Recipients*. World Bank Policy Research Working Paper 3186, January

Kosack, S. (2003) 'Effective aid: How democracy allows development aid to improve the quality of life' *World Development,* Vol. 31, No. 1

Lahiri, S. and Raimondos-Moller P. (2000) 'Lobbying by Ethnic Groups and Aid Allocation' *The Economic Journal,* Vol. 110. Oxford: Royal Economic Society, Blackwell Publishers

Li, X. and Crane, N. (1996) *Bibliographic formats for citing electronic information* [online] Available at: <http://www.uvm.edu/~ncrane/estyles/> [Accessed 10th August 2003]

Lipietz, A. (1982). 'Marx or Rostow?' *New Left Review* 132. pp. 48-58

Lundborg, P. (1998) 'Foreign Aid and International Support as a Gift Exchange' *Economics and Politics*, Vol. 10, No. 2, Oxford: Blackwell Publishers, July

Marcelo, R. (2003) 'India Opts to Decline Aid from All but Six Countries' *The Financial Times,* July 8

Maren, M. (1997) *The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity*. New York: The Free Press

Martinussen, J. (1997) *Society, State and Market: A Guide to Competing Theories of Development*. London & New Jersey: Zed Books

Masci, D. & Jost K. (2001) 'War on Terrorism' *The CQ Researcher*, Oct. 12

Maxwell, S. (1996) *Does European Aid Work.,* An Ethiopian Case Study, IDS Working Paper No. 46

May, T. (2002) *Qualitative Research in Action.* London, GBR: Sage Publications

May, T. (2003) *Social Research: Issues, Methods and Process*. 3rd edition. Open University Press.

McConnell International (2002) *E-Readiness Assessment Report,* Jordan ICT Forum. September 30-October 1, 2002. Amman, Jordan

McGillivray, M. (1989) 'The Allocation of Aid among Developing Countries: A Multi-Donor Analysis Using a Per Capita Aid Index' *World Development 17*(4), pp. 561–68

McGillivray, M. (2003) 'Aid effectiveness and selectivity: integrating multiple objectives into aid allocations', *DAC Journal*, 4(3), pp. 23–36

McGillivray, M., Leavy J., and White H. (2002) 'Aid Principles and Policy: An Operational Basis for the Assessment of Donor Performance', B. Mak Arvin, ed., *New Perspectives on Foreign Aid and Economic Development*, Praeger, Westport

Meernik, J., Krueger E. and Poe S. (1998) 'Testing Models of US Foreign Policy: Foreign Aid During and After the Cold War' *The Journal of Politics,* Vol. 60, Issue 1. Southern Political Science Association

Meredith, J. (1998) 'Building operations management theory through case and field research', Journal of Operations Management, Vol. 16, pp. 44-154

Merriam-Webster Incorporated (no date) *Merriam-Webster Online, Dictionary, Policy* [online] Available at: <http://www.m-w.com/cgi-bin/dictionary?policy> [Accessed 15 April 2006]

Meyer, C. (1992) 'The Irony of Donor Efforts to Build Institutions: A Case Study From the Dominican Republic' *Journal of Institutional and Theoretical Economics*, 148(4), pp.628-44

Miles, M. and Huberman, M.(1994) *Qualitative Data Analysis: An Expanded Sourcebook.* 2nd edition. London: Sage Publications, Inc.

Millennium Development Goals (2004) United Nations in Somalia [online]. Available at <URL:http://www.unsomalia.net/md.htm> [Accessed 15 May 2004]

Millennium Development Goals Basics (2004) United Nations Non-Governmental Liaison Service**.** [online] Available at <URL:http://www.un-ngls.org/MDG/Basics.htm > [Accessed 15 May 2004]

MINISTRY OF EDUCATION (2000) *Capacity Building in the Management of Jordan's Education Services*. Amman: MoE

MINISTRY OF EDUCATION (2002) *Vision Forum for the Future of Education. General Education, Higher Education and Vocational, Technical Education and Training in Jordan. Final Report. 15-16 September, Amman, Jordan.* Amman: 24 September 2002. Ministry of Education

MINISTRY OF FINANCE (2006) *General Government Finance Bulletin.* Vol. 7 – No. 1 February 2005. Amman: MOF

MINISTRY OF FOREIGN AFFAIRS OF JAPAN (1996) *Japan's Official Development Assistance-White Paper*. Tokyo: Economic Cooperation Bureau

MINISTRY OF FOREIGN AFFAIRS OF JAPAN (1998) *Grant-in-Aid to Jordan for Project for Improvement of Water Supply System to Greater Amman* [Online]. Available at: <http://www.mofa.go.jp/announce/announce/1998/9/905.html> [Accessed February 2004]

MINISTRY OF FOREIGN AFFAIRS OF JAPAN (2004) *Japan's Economic Cooperation in the Middle East* [Online] Japan-Middle East Relations. Available at: <http://www.mofa.go.jp/region/middle_e/relation/coop.html> [Accessed 23 February 2004]

MINISTRY OF FOREIGN AFFAIRS OF JAPAN (no date) *A Guide to Japan's Aid* [Online]. Available at: < http://www.mofa.go.jp/policy/oda/guide/1998/index.html> [Accessed February 2004]

MINISTRY OF INFORMATION & COMMUNICATION TECHNOLOGY (2001) *National ICT Policy*. Amman

MINISTRY OF INFORMATION & COMMUNICATIONS TECHNOLOGY (2003) *Statement of Government Policy on the Information & Communications Technology Sectors & Postal Sector*. Amman: September 4

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION (1998) 'Japanese Involvement in a Water Project' *Partners in Development*. Aid Coordination Unit, Ministry of Planning. Issue 16. September

MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION (no date) *Donors* [online] Available at: <http://www.mop.gov.jo/> [Accessed December 2004]

MINISTRY OF WATER AND IRRIGATION (2002) *Water Sector Planning and Associated Investment Programme 2002-2011*, Amman: February

Moreira, S. (2003) *Evaluating the impact of foreign aid on economic growth: a cross-country study (1970–1998)*. Presented at the 15th Annual Meeting on Socioeconomics, Aix-en-Provence, France, 26–28 June.

Morrissey, O. (2002) 'Aid Effectiveness for Growth and Development', *ODI Opinions*, February 2002

Moore, M. (1998) 'Death Without Taxes: Democracy, State Capacity, and Aid Dependence in the Fourth World' G. White and M. Robinson (eds.), *Towards a Democratic Developmental State*. Oxford: Oxford University Press

Morgan, W.J. (2005) Local Knowledge and Globalisation: Are They Compatible?. *In:* Cullingford, C. and Gunn, S., eds. *Globalisation, Education and Culture Shock:* Ashgate Publishing Ltd, Aldershot, pp. 35-47

Morgan, W.J. (2006) Globalization and state socialism: End of illusions or new educational opportunities?. *In:* Oduaran A. and Bhola H., eds. *Widening Access to Education as Social Justice*: Springer, Dordrecht, pp. 95-112

Mosley, P. (1992) 'Aid, The Public Sector and the Market in Less Developed Countries: A Return to the Scene of the Crime' *Journal of International Development,* Vol. 4, No.2, pp.139-150

Mosley, P., Hudson J., and Horrel S., (1987) 'Aid, The Public Sector and the Market in Less Developed Countries,' *The Economic Journal,* Vol. 97, pp.616-641, September

Neumayer, E. (2004) 'Arab-Related Bilateral and Multilateral Sources of Development Finance: Issues, Trends, and the Way Forward' *World Economy* 47, no. 2, pp.281-300

North, D. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press

Nsour, M. (2000) *Foreign Aid and Economic Growth in Jordan*, Economic Aid Coordination Unit, Jordan: Ministry of Planning

O'Leary, Z. (2004) *Essential Guide to Doing Research.* London, GBR: Sage Publications

Oliveira, T (2000) 'Implicit logic in unstructured interviewing', Selection and Development Review, Vol 16, No 2, pp 10? 14

Organisation for Economic Co-operation and Development (2003) *Revenue Statistics of 1965–2002*, Paris: OECD

Otim, S. (1996) 'Foreign Aid and Government Fiscal Behaviour in Low-Income South Asian Countries'. *Applied Economics*, 28: pp.927-33

Paris Club (2005) *Description of the Paris Club* [Online] Available at <http://www.clubdeparis.org/en/presentation/presentation.php>. [Accessed 23 April 2005]

Paul, R. (2004) 'The Great Foreign Aid Swindle' Texas Straight Talk [online] Available at: <http://www.house.gov/paul> [Accessed 2 September 2004]

Powell, M. (1999) *An Analysis of Policy Implementation in the Third World.* London: Ashgate Publishing Company

Pratt, C. (1994) *Canadian Development Assistance: A Profile.* Canadian International Development Assistance Policies: An Appraisal. Ed. Cranford Pratt. Montreal: McGill-Queen's University Press, pp.3-24

Radelet, S. (2004) *Aid Effectiveness and the Millennium Development Goals.* Working Paper 39, Centre for Global Development, Washington, DC: April

Raffer, K. and Singer H. (1996) *The Foreign Aid Business.* Cheltenham: Edward Elgar Publishing Limited

Ram, R. (2003) 'Roles of Bilateral and Multilateral Aid in Economic Growth of Developing Countries' *Kyklos,* Vol. 56

Ram, R. (2004) *Recipient country's policies and the effect of foreign aid on economic growth in developing countries: additional evidence.* Research Article, Illinois State University

Rao, M. (1994) 'Judging Givers: Equity and Scale in Index Allocation' *World Development 22*(10), pp.1579–84

Reuters (2002) 'TRC outlines its new vision to meet challenges of Jordan's ICT sector' *Jordan Times.* November 19, p.3

Reyes, G. (2001) 'Theories of Development: Modernization, Dependency, World Systems, and Globalization'. *International Social Science Journal*: UNESCO. ISSJ: 160. Globalización. Nómadas 4. July-December 2001

Rijckeghem, V., et al. (1997) *Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption?* IMF Working Paper pp.97-73

Robson, C. (1997) *Real World Research*. Oxford: Blackwell Publishers Ltd

Rodrik, D. (1996) 'Understanding Economic Policy Reform' *Journal of Economic Literature* 34, pp.9-41

Roodman, D. (2004) *An Index of Donor Performance.* 2004 ed. Centre for Global Development

Royal Hashemite Court (no date) *Education in Jordan* [online]. Available at: <http://www.kinghussein.gov.jo/resources3.html> [Accessed August-December 2004]

Sapsford, R. and Jupp, V. (2006) *Data Collection and Analysis*. 2nd Edition. London: Sage Publications Ltd

Saumik D. (2004) *An Introduction to Bilateral Aid* [online]. Available at: <URL:http://www.oneworld.ca/article/view/94110> [Accessed 1 October 2004]

Scheyvens, R. (2003) *Development Fieldwork: A Practical Guide.* London, GBR: Sage Publications

Schraeder, P., Hook S., and Taylor B. (1998) 'Clarifying the Foreign Aid Puz-zle: A Comparison of American, Japanese, French, and Swedish Aid Flows' *World Politics 50*, January

Schwalbenberg, H. (1998) 'Does Foreign Aid Cause the Adoption of Harmful Economic Policies?' *Journal of Policy Modelling.* Vol. 20, No. 5. Elsevier Science Inc.

Shaban, R. (2000) *Poverty Alleviation in Jordan in the 1990's*. Middle East Department, Middle East and North Africa Region, World Bank

Sills, J. (2002) *The Role of the United Nations in Forming Global Norms*. International Relations Studies and the United Nations Occasional Papers, 2002, No.2

Silverman, D. (2004) *Doing Qualitative Research: A Practical Handbook*. 2nd edition. London: Sage Publications Ltd

Stokes, B. (2003) 'Foreign Aid: Heal Thyself' *National Journal*, March, 1

Svensson, J. (1997) *When is Foreign Aid Policy Credible?: Aid Dependence and Conditionality*. Working Paper No. 1740, Macroeconomics and Growth Division, Policy Research Department, World Bank, March

Svensson, J. (1999) 'Aid, Growth and Democracy' *Economics and Politics*, Vol. 11, No. 3, Oxford: Blackwell Publishers, November

Svensson, J. (2000a) 'Foreign Aid and Rent-Seeking' *Journal of International Economics*. Vol. 51 (2): pp.437-461, Elsevier Science

Svensson, J. (2000b) 'When is Foreign Aid Policy Credible? Aid Dependence and Conditionality' *Journal of Development Economics*. Vol. 61. Elsevier Science, pp. 61-84

Taylor, J. (2003) *Millennium Challenge Account*. Testimony by the Under Secretary of Treasury for International Affairs before the Senate Foreign Relations Committee. Washington, D.C.: March 4

The Economist (1995) 'Aid for Kenya. Stop, go' 19 August 1995, p.37

The REACH Initiative (2000) *Launching Jordan's Software and IT Industry*. A Strategy and Action Plan for H.M. King Abdullah II. March

Thomas, A. (2007) 'development Management –Values and Partnerships' *Journal of International Development,* Vol.19, pp.383-388

Tutor2u Limited (no date) *Development models-dependency theory* [online] Available at:
<http://www.tutor2u.net/economics/content/topics/development/development_models _dependency.htm> [Accessed 11 May 2005]

Tornell, A. and Lane P. (1998) 'Are Windfalls A Curse? A Non-representative Agent Model of the Current Account.' *Journal of International Economics*, 44, pp.83-112

United Nations Development Fund (1997) *Guiding Principles for a Monitoring and Evaluation Methodology in the Context of the Programme Approach* [online] Report of the Consultative Committee on Programme and Operational Questions. Available at: < http://www.undp.org/eo/documents/mec7-9.htm> [Accessed February 2003]

United Nations Development Fund (2001) *Human Development Report 2001.* New York: UNDP. Oxford University Press

United Nations Development Fund (2002) *Arab Human Development Report.* Amman: UNDP

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (2003). *Jordan- Program Briefing*. [Online]. Asia and Near East. USAID. Available at <http://www.usaid.gov/locations/asia_near_east/countries/jordan/jordan_brief.html> [Accessed 7 January 2003]

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (2004a) *Congressional Budget Justification–Jordan* [online]. Available at:
<http://www.usaid.gov/locations/asia_near_east/countries/jordan/jordan.html> [Accessed 2 November 2004]

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (2004b) *Guidance on contents of Mission and Operating Units' Strategic Plans.* Functional Series 200–Programming Policy, ADS 201–Planning, Section 201.3.3.6

Usaka and Gaborone (1999) 'Helping the third world: How to make aid work', *The Economist*, 26 June

Van de Walle, Nic. (2001) *African Economies and the Politics of Permanent Crisis.* Cambridge: Cambridge University Press

Wallerstein, I. (2004) *World-Systems Analysis-An Introduction.* Durham: Duke University Press

Walters, R. and Blake D. (1992) *The Politics of Global Economic Relations.* Prentice-Hall, Inc., pp.152-164

Wane, W. (2004) *The Quality of Foreign Aid. Country Selectivity or Donors Incentives?.* World Bank Policy Research Working Paper 3325

Whittington, D., and Calhoun C. (1988) 'Who Really Wants Donor Coordination?' *Development Policy Review* 6: pp.295–309

World Bank (1999) *Jordan CAS: Public Information Notice, World Bank Board Discusses The Hashemite Kingdom of Jordan Country Assistance Strategy* [online] Available at: <http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2000/01/25/000094946_0001200546278/Rendered/PDF/multi_page.pdf> [Accessed 27 June 2002]

World Bank (2002a) *Jordan: Development Policy Review-A Reforming State in a Volatile Region.* Report No. 24425-JO. Washington, D.C.: World Bank

World Bank (2002b) *The Role and Effectiveness of Development Assistance, Lessons from World Bank Experience.* Research Paper, Development Economics, Vice Presidency, World Bank

World Bank (2003a) *Jordan* [online]. Available at <http://www.worldbank.org/jo> [Accessed 4 February 2003]

World Bank (2003b) *World Development Report 2004: Making Services Work for Poor People*. New York: Oxford University Press

World Bank (2004) *Global Monitoring Report 2004: Policies and Actions for Achieving the Millennium Development Goals and Related Outcomes*. Washington, D.C.

World Bank (2005) *Data and Research* [online] Available at: <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,menuPK:476823~pagePK:64165236~piPK:64165141~theSitePK:469372,00.html> [Accessed 10 February, 2005]

World Bank (2006) *Jordan Country Assistance Strategy for the Period FY2006-FY2010* [online] Available at: < http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/05/18/000012009_20060518105917/Rendered/INDEX/356650rev0pdf.txt> [Accessed 12 April 2008]

World Bank (2007) *Current Events and the World Bank Group's Development Effectiveness, Statement of the Director-General, Evaluation To The Board of Executive Directors.* Washington DC: The World Bank Group

Yin, R. (1994) *Case Study Research*, Sage Publication, Beverly Hills, CA

Yin, R. (2003) *Case Study Research: Design and Methods*. 3rd Edition. London: Sage Publications, Inc.

Zunes, S. (2002) *U.S. Aid to Israel: Interpreting the Strategic Relationship. Washington Report on Middle East Affairs*. Special report [online] Available at:

<http://www.wrmea.com/html/us_aid_to_israel.htm#Israel> [Accessed 10 January 2005]

Appendix A

Sample of a Schedule of Questions
Designed for the Main Study

Questions for Donor Organizations

1. Policy Making Level

- Please describe your general development policy.
- On what basis your general policy was set?
- How does your foreign aid programme benefit your country?
- Why does your country continue to engage in supporting middle-income countries?
- What is the influence of your stakeholders on the development policy? Who are your stakeholders?
- Please describe your policy on Jordan.
- On what basis your policy on Jordan was determined? Did you coordinate with the Jordanian authorities in this regard?
- How does your aid programme to Jordan serve your economic and strategic interests?
- How do you rate Jordan in terms of governance and aid policies?
- On what basis did you make your judgement?
- How do you rate the recipient government institution, your counterpart in terms of capacity and performance?
- What are your development priority areas?
- How would you describe your relationship with the Jordanian authorities?
- Please explain your development projects' selection criteria.
- How does the project serve your development policy goals?

- How does the project serve your country's economic and strategic interests?

- Who thought up the project the first place? And why in your view?

- How did the project come about? Did you receive a funding proposal from Jordan? If yes, by what means? And how was it handled by your party?

- Please explain the initial project planning process.

- What was the role of the recipient in project planning?

- Do you see the role of the recipient in project planning important? And how?

- When you started the discussion with the recipient on initial project planning, were there differences in goals and priorities?

- How did those differences affect project implementation, outcomes and long-term benefits?

- Did you or the recipient make any concessions in order to come to an understanding? What were the concessions, if any?

- Were there any conditions related to the project imposed by your party?

- If yes, why were these conditions set?

- Was your aid money tied? If yes, why?

- How do you benefit from tying aid in general, and in this project in particular?

- Did you make any changes in the project plan during the implementation? If yes, please explain why?

- What was your role in project implementation?

- How did you determine this role?

- What was the role of the recipient in project implementation?

- Did you decide the role of the recipient in project implementation? If yes, why? And on what basis?

- What contributions to the project did the recipient put forward?

- Did you require these contributions? If yes, for what reasons?

- How did these contributions affect the overall performance of the recipient?

- Other than the project's stated objectives, did you have any goals or secondary objectives you were hoping to reach?
- In your point of view, was the project successful? And why?
- On what basis did you make your judgement? How do you measure success or failure? What indicators do you use?
- Do you think the project will provide long-term sustainable benefits? How and why?
- What did you do to ensure sustainable benefits?
- What is the role of the recipient in maintaining sustainable benefits?

2. Project Management and Implementation Level

- What was your role in project implementation?
- What was the role of the recipient in project implementation?
- Who defined these roles and how?
- How do you evaluate the role of the recipient in project implementation?
- What was your role in project management?
- What was the role of the recipient in project management?
- How do you evaluate the recipient's management practices?
- In what way the recipient's management practices contributed to the project?
- How was your relationship with the recipient in relation to project management?
- How was the interpersonal relationship between your staff and the recipient's?
- How did the recipient government system and governance affect the project implementation process?
- Did you make changes in the project implementation plan during the process of implementation?
- If yes, what were the reasons? And what were the benefits/effects of the change?

- Were the project implementation process affected by the recipient government bureaucratic system or some rigid regulations? If yes, what were the measures taken by you to overcome these problems?

- How do you evaluate project outcomes?

- Did the project reach its states objectives?

- In your point of view, was the project successful? And why?

- On what basis did you make your judgement? How do you measure success or failure? What indicators, if any, do you use?

- Do you think the project will provide long-term sustainable benefits? How?

- What do you do to ensure sustainability?

- What's the role of the recipient in ensuring sustainability?

- Do you trust that the recipient will take and maintain necessary measures to ensure long-term sustainable benefits of the project? Why and how?

Questions for Recipients

1. Policy Making Level

- Do you have a national development strategy? If yes, please describe the strategy and how was it set.

- What are your development priority areas?

- How did the idea of the project come about? Did it come from the national strategy?

- What is the influence of your stakeholders on the development strategy or on defining the development priority areas? Who are your stakeholders?

- How do you rate your institution in terms of capacity and performance?

- Did you propose the idea of the project to the donor agency for funding?

- Please describe your fundraising strategy.

- Please explain the proposal submission process.

- What did you do to guarantee better chances of funding from the donor?
- Did the donor do any changes on the project's initial design?
- How would you describe your relationship with the donor agency?
- How does the project serve your country?
- Please explain the initial project planning process.
- What was the role of the donor in project planning?
- Do you see the role of the donor in project planning important? And how?
- When you started the discussion with the donor on initial project planning, were there differences in goals and priorities?
- How did those differences affect project implementation, outcomes and long-term benefits?
- Did you or the donor make any concessions in order to come to an understanding? What were the concessions, if any?
- Were there any conditions related to the project imposed by the donor?
- If yes, why, do you think, were these conditions set?
- Was the aid money tied? If yes, how did it affect the project?
- Did you make any changes in the project plan during the implementation? If yes, please describe the changes and explain why they were done?
- What do you think of the donor's policy and approach?
- What was your role in project implementation?
- How was this role determined?
- What contributions to the project did you present?
- Were these contributions required by the donor?
- If yes, did these contributions make you more committed to the project?
- How do you see the role of the donor in managing the project? Do you think you could have done a better job than the donor? Please explain.
- Do you believe you should have been given a bigger role in planning, management and implementation? And why?
- Were there any Jordanian government laws or regulations that hindered the project implementation or development?
- If yes, were you able to change these laws or work around them?

- Were the project's stated goals achieved?
- Other than the project's stated objectives, did you have any goals or secondary objectives you were hoping to reach?
- In your point of view, was the project successful? And why?
- On what basis did you make your judgement? How do you measure success or failure? What indicators do you use?
- Do you think the project will provide long-term sustainable benefits? How and why?
- What did you do to ensure sustainable benefits?
- What is the role of the donor in maintaining sustainable benefits?

2. Project Management and Implementation Level

- Please describe your role in project implementation?
- How do you see the role of the donor in project implementation?
- Did you participate in project management? If yes, what were your responsibilities?
- What was the role of the donor in project management?
- How do you evaluate the donor's management policies and practices?
- In what way the donor's management policies contributed to the project?
- How was your relationship with the donor in relation to project management and implementation?
- How was the interpersonal relationship between your staff and the donor's?
- Did you make changes in the project implementation during the process of implementation?
- If yes, who decided to do the changes? what were the reasons? And what were the benefits/effects of the change?
- Is there an incentives system within your institution for the staff? If yes, please explain.
- If not, how does this affect the performance of the staff working on the project?

- Do the staff receive good salaries? If not, how does this affect their performance?

- Was the project implementation process affected by bureaucracy in your system or the donor's, or by some government regulations? If yes, what were the measures taken by you to overcome these problems?

- How do you evaluate project outcomes?

- Did the project reach its states objectives?

- In your point of view, was the project successful? And why?

- On what basis did you make your judgement? How do you measure success or failure? What indicators, if any, do you use?

- Do you think the project will provide long-term sustainable benefits? How?

- What do you do to ensure sustainability?

- What's the role of the donor in ensuring sustainability?

Appendix B

Table 9.1 Recommendations and Implications for Donors

Recommendation	Timeframe	Potential Problems & Costs
Donors should not only look at the developing country's overall governance, but rather evaluate each counterpart government institution individually.	In the design stage	A prior assessment of the counterpart institution would alleviate potential implementation difficulties, but would add to the cost.
Based on the assessment above, the donor should 1) work together with the good recipient government institutions to design and implement aid projects, and/or 2) help to build the capacity of the government institutions that do not have the aptitude to efficiently carry out development projects.	In the design and implementation stage	Donor should allocate budget for capacity building, if required.
In a good (recipient country) policy environment and institutional quality, the degree of donor involvement in project implementation should be relative to the extent of efficiency of the recipient government institution in carrying out the project – i.e. the more confidence the donor has in the capabilities of the recipient government institution implementing the project, the less should be the level of its direct involvement.	In the implementation stage	This entails reduced cost of project implementation for donor in the case of good institutional quality.
Donors should develop flexible aid project designs that can take in hand uncertainties and contingencies.	Mainly in the design phase.	Flexibility could lead to extra workload and additional expenses.
Donor is recommended to establish good relationships with the recipient and understand its institutional constraints and traditional and political characteristics. This entails intensive long-term communication between the donor's consultants and the recipient's officials and personnel.	In both the design and implementation phases.	This requires extra cost on the part of the donor, in terms of added level of effort for the on-the-ground consultants. On the other hand, this could save aid money wasted due to limited understanding of local institutional constraints and culture.

The above recommendations and implications for donors would tremendously reduce risks and ensure a better use of aid money. By and large, the above recommendations will strengthen the recipients' institutional capacity to manage aid projects, help donors better understand the recipient's needs and address them, and give the recipient a bigger participating role that would eventually ensure sustainability.

Appendix C

Table 9.2 Recommendations and Implications for Aid Recipients

Recommendation	Timeframe	Potential problems & costs
Research suggests that the Ministry of Planning performs the initial planning and dialogue with donors as it is the only government body in Jordan that has a holistic approach to foreign aid based on a broad national interest, and then passes aid projects on to concerned local institutions for further dialogue on technicalities.	This should stem from a national strategy that is set before initiating communication with the donors.	This adds extra burden on the Ministry of Planning in terms of staffing.
Recipient should present long-term sound development policies and strategies of their own based on systematic data and knowledge of their development needs and economic and social state of affairs.	The national strategy should be established before communicating with the donors, and should be used for planning.	This requires establishing a national committee and hiring staff to develop the strategy and database, and perform modelling and data analysis to inform decision making.
Recipients should develop and regulate standard national policies for managing foreign aid and fundraising.	After developing the national strategy.	Regulating aid management and fundraising would lead to a more efficient process on the recipient part.
Recipients should provide incentives for their employees who are involved in aid management to ensure their effective participation and commitment to advancing aid objectives.	This comes as part of the capacity building efforts.	This would require the recipient to increase salaries and allowances for their employees. This also reduces the risk of losing qualified staff to better paying jobs.
The research has demonstrated that a project's stated objectives are best attained when they are originally set by the recipient country and subsequently developed and fine-tuned in cooperation with the donor's consultants and experts.	In the planning stage.	This fosters understanding between donor and recipient and more commitment on the recipient part which consequently leads to sustainability.

The above recommendations and implications for recipient increase recipient efficiency in planning and managing aid. In general, this would reduce the amount of foreign aid wasted on unsuccessful projects and superfluous assistance. Should the above recommendations be implemented, it would become easier for donors to establish good relationship with the recipient, and donors would impose less conditionality, become less involved in project implementation and ensure sustainable benefit.

Appendix D

Samples of Correspondence

Following are samples of letters sent to different respondents from donor agencies and recipient institutions requesting interviews. The letters were followed up with phone calls and/or email correspondence with the respondents or their administrative assistants to set up and confirm appointments.

H.E. Mr. Hideo Morikawa,
Resident Representative,   12 May 2004
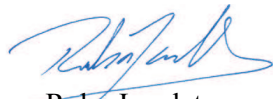Japan International Cooperation Agency,
Amman, Jordan

Excellency,

      I'm a research student that is studying the "The Impact of Donor and Recipient Government Policies and Practices on the Effectiveness of Foreign Aid to a Middle Income Developing Country". The research is looking at four main bilateral donors to Jordan including JICA.

      For the purpose of the research, I would like to request a short interview with your Excellency concerning the development policies and practices of your esteemed agency.

      Thank you in advance for your valuable time,

Best Regards,

Ruba Jaradat

Tel: 079 624 4660
Fax: 06 592 0143
Email: ruba.jaradat@gmail.com

Dr. Helge Fischer,
Project Director,
Petra Stone Preservation Project,   25 August 2003
German Agency for Technical Cooperation,
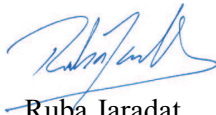Amman, Jordan

Dear Dr. Fischer,

 I'm a research student that is studying the "The Impact of Donor and Recipient Government Policies and Practices on the Effectiveness of Foreign Aid to a Middle Income Developing Country". The research is looking at four aid projects funded by main bilateral donors to Jordan including GTZ.

 For the purpose of the research, I would like to request an interview with you concerning the goals and objectives of the Petra Project, and your management approach.

 Thank you in advance for your valuable time,

 Best Regards,

Ruba Jaradat
Tel: 079 552 2066
Email: rjaradat@hotmail.com

Thursday, 15 January 2004

Mr. Emile Qubeisi,
Director, e-government Project,
Ministry of Information and Communication Technology,
Amman, Jordan

Dear Mr. Qubeisi,

   I'm a research student that is studying the "The Impact of Donor and Recipient Government Policies and Practices on the Effectiveness of Foreign Aid to a Middle Income Developing Country". The research is looking at four aid projects funded by main bilateral donors to Jordan including the ICT Initiative that is supported by the USAID-funded AMIR Program.

   For the purpose of the research, I would like to request an interview with you concerning the e-government Project.

   Thank you in advance for your valuable time,

   Best Regards,

   Ruba Jaradat

   Tel: 079 624 4660
   Fax: 06 592 0143
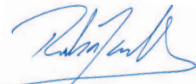   Email: ruba.jaradat@gmail.com

6 July 2004

Ms. Rana Mansur,
Project Coordinator,
Capacity Building in the Management of Jordan's Education Services Project,
Ministry of Education,
Amman, Jordan

Dear Ms. Mansur,

I'm a research student that is studying the "The Impact of Donor and Recipient Government Policies and Practices on the Effectiveness of Foreign Aid to a Middle Income Developing Country". The research is looking at four aid projects funded by main bilateral donors to Jordan including the Capacity Building in the Management of Jordan's Education Services Project. For the purpose of the research, I would like to request an interview with you concerning the Project.

Thank you in advance for your time,

Best Regards,

Ruba Jaradat

Tel: 079 624 4660
Fax: 06 592 0143
Email: ruba.jaradat@gmail.com