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**Swedish Aid Policy and development projects in Kenya.
An analysis of Strategy and organization**

(Master Degree Graduation Thesis in Ecological Economics)

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Abstract

The research investigates the sustainability and effectiveness of the projects that are funded by the Swedish International Development Agency (SIDA) in Kenya. SIDA is the Swedish central state agency responsible for planning, implementing and managing Aid. The research applies both the absorptive capacity and the institutional theory to explain the phenomenon of Aid projects failures in Kenya. The research has used a qualitative research method, a literature study that blend with structured open-ended interview questions which we have formulated.

By studying the various Actors involved in Swedish foreign Aid, their operations and deliverance, it will facilitate our study to establish the major causes and origins of development projects failures in Kenya. The main and current Swedish development goals are “improving the standard of living for poor people”, the sub goals are Economic growth, Economic and social equality, Economic and Political Independence, Democratic Development and Protection of human rights, Sustainable use of natural resources, protection of Environment Conflict management and Security. The reason why Aid projects are not producing the intended results could be divided into two parts; the planning problem that emanate from the donors side. The irony is that development partners are viewed to be aiming at alleviating poverty without proper planning and even their priorities are not always right. The other major reason is attributed to the recipients’ side and could be summarized as lack of democracy, corruption, weak institutions, lack of absorptive capacity and mismanagement.

Key search phrases: Development projects, Democracy, Corruption, Absorptive capacity, Institutional theory, Development partners, Weak institutions, Swedish foreign Aid, Aid, SIDA, Kenya.

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1. Introduction

Foreign Aid has become a new phenomenon after World War II. The post war era marked the creation of the United Nations and its various agencies to tackle peace keeping and promoting development at the same time the United States implemented the Marshall Plan which was a package of rehabilitation and reconstruction of western, central and southern European countries ravaged by the war (Petter Hjertholm and Howard White 2000 p. 80). The other remarkable experience was the emergence of large number of new national states and the breakdown of the earlier colonial systems. During this period, the world divided itself between rich industrialized developed nations and poor developing nations, the rich nations were striving to focus more on the poor developing countries (Ibid p.81). The starting point was the famous speech made by Harry S. Truman. Truman's inaugural ceremony in 1949 which contained the famous Point Four Program with the objective of "making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas" (Quoted in, Ravi Kanpur, 2003 p.3).

Many countries in Africa got independence in 1960s but independence did not bring the expectations that many Africans had expected during the freedom struggle hence the origin of the development problems in Africa (Jerker Carlsson, 1997, P.9) These problems could be divided into two categories; internal problems and external problems: The internal problems could be summarized as tribal based political conflicts, dictatorial political systems, and institutional weakness of government systems, widespread corruption, mismanagement and bad economic policies (John Richards, 2006). The bad economic policies hindered internal and external investment and flow of capital as a result; Africans continues to experience very low rates of economic growth coupled with a rapid population growth and low levels of investment and savings. As argued by Michael Brown (1993) in his book written in Swedish language "Afrika Marginaliserade", his concept is that Africa needs to receive foreign Aid to partially solve its crisis and the required foreign Aid could mean a flow of foreign capital to invest development project, social basic services and also flow of technicians for maintaining development projects.

The external problems are linked to the prevalent adverse international conditions, unfair trade system, the brain drain dependence mentality, and constraints of colonial legacies. When we comment on the precedent points, we refer to the brain drain, that is when the continents educators, intellectuals, and high trained technocrats leave their countries or shut their mouth and go into silent strike in protest against the inconvenient situation of the continent, mostly caused by authoritarian regimes, political conflicts and mismanagement. This kind of brain drain causes the government institutions to be more weakened. The other points are issues that are generally connected to the international trade system and globalization which makes Africa poor (Robert Calderisi 2006, p.3)

In relation to the interaction between Sweden and Africa, the relationship begun in the 19th century. For example, Swedish presence in Ethiopia dates back in 1860s, when the Swedish missionaries were active in the country. The basic objective of missionary activities were to spread Christian faith but they gradually progressed into helping the poor by building schools and providing health centers thus they were transforming into a kind of development organizations (Sixteen Hepling 1986, p.16, Olav Stokke 1989, p.9). This kind of contacts created and paved the way for closer relationship between the two countries and it is still progressing up to now.

In this section, after presenting a summarized introduction of the history of Aid and development problems in Africa, we will give a narrowed and concise research problem.

1.1 Research problem

The Swedish development cooperation to Kenya began as early as 1960s. For example, the Swedish development assistance to Kenya for 2006 was SEK 350 million (Bilateral Development Co-operation: KENYA). The “Swedish assistance focuses on empowerment of people and capacity development of government institutions” as we have cited in the above website. The Swedish government approved a country strategy in Kenya in 2004, according the Kenya Swedish development cooperation strategy report issued by SIDA (2005). The strategy had identified a number of obstacles facing the implementation of the development funds. The main obstacles from the Kenyan side was mentioned as institutional problems originating from poor democratic governance and corruption problems; the institutional problems created obstacles to Aid deliveries, prolonging Aid projects and utilization of Aid in best practice (p.1) moreover, the development Aid did not materialize much in Kenya. The problem has not been limited only to the Kenyan side but there are also administrative and managerial problems from the Swedish side as an Aid donor.

By looking at SIDA, which is an acronym for the Swedish International Development Authority, the agency was established in 1965 and it “is the central state agency for planning, implementing and evaluating Swedish bilateral development cooperation programmes” (Ole Elgström 1992, P.55). The agency has been involved in delivering Aid to Kenya for the last 40 years (Bilateral Development Co-operation: KENYA, p.1). The problems are contributed to issues related to the Swedish development Aid in Kenya. being unsuccessful so far, and our argument is that the problems are two dimensions, one dimension from the recipient’s side and the other from the donor side. From the preceding arguments we derive our research questions as follows:

1.2 Research Questions

1. What actors and procedures are involved in Swedish Aid policies?
2. Why do Aid projects fail to reach its intended goals in Kenya?

1.3 Research objectives

The purpose of this research is to investigate the sustainability and effectiveness of Swedish Kenya development cooperation and to identify why development Aid projects implemented in Kenya fail to achieve its goals that has led to un sustained economic growth and thereto persistent poverty. The research is an assessment to study the norms, procedures and institutional structures that determine the effectiveness of Aid, the sustainability of Aid projects and impacts of Aid on poverty reduction. The aim of the study could be summarized as “The organization and governance of Swedish Aid Policy in Kenya”. The study focuses on interpreting the procedures on various levels of Aid delivery from planning, implementation and evaluation stages then based on the theoretical and empirical findings, we will discuss, give our recommendations ,conclusion and areas for further research.

The reasons for selecting SIDA and Kenya for our study is that Sweden is regarded as generous compared to other similar countries in western industrialized nations, it has a long history of Aid donations to Africa and other parts of the world “Sweden’s volume of Aid in

2004 stood at USD 2.7 billion, making it the world's seventh largest donor and representing 0.77% of Sweden's Gross National Income (GNI)" (OECD, 2005, Sweden commended for its strong global development commitment). We chose SIDA because it is the central state agency responsible for managing Swedish bilateral and multilateral Aid. In reference to Kenya, it is considered to be the third largest economy in sub-Saharan Africa, and was once an emerging economy and economic powerhouse in East Africa. Despite all these facts the majority of Kenyans still suffer from widespread poverty. There is a growing gap between the rich and the poor in Kenya and so far Aid is not changing the poverty course yet a considerable amount of it is being distributed every year but it is not sustainable. Moreover, one of us, the student, Millicent Oyoko comes from Kenya and has both experience in development issues in the given country, good knowledge and experience of Kenya's political, social and economic developments but she feels that the development Aid does not meet the needs of many Kenyans neither does it reduce or lift the standard of life for the poor people. The other author Mohamed Hussein comes from Somalia, he has similar interests in Kenya. Moreover, both of the authors are familiar with the development issues in the African context at the same time have experience from the Swedish context yet the impression we have is that Aid is not reaching its intended target neither does it meet the goals of SIDA.

2. The theoretical framework

In order to answer the research questions we sought a relevant theoretical framework to help explain our analysis. Following a hard work of readings and explorations we finally came up with the two theories to explain the phenomenon of unsuccessful projects. These are absorptive capacity theory, and the second one is the Institutional theory.

2.1 The absorptive capacity theory

The model was first developed by Cohen, Wesley, and Levinthal, Daniel in 1990, in their article, "Absorptive capacity: A new perspective on learning and innovation" the authors define the absorptive capacity as "the organization's ability to recognize the value of new information, assimilate it, and apply it to productive ends" (p.131). The theory was first aimed to enhance the research and development issues for firms. Then the theory became also suitable to macro level of a nation. The theory could be used to explain the nation's absorptive capacity in relation to development and it focus on how organizations, (originally firms) acquire and use external knowledge and capital as a process of development. As Ashok Kumar (2005) argues in the absorptive capacity theory that developing countries have inadequate ability:

- To create investment environment for capital formation
- To absorb the available physical and social capital,
- To improve the factors of production and modernize national institutions
- To assimilate and invent new technologies,

The lack of absorptive capacity affects optimum utilization of factors of production (Kumar 2005, p. 10) however with the help of foreign Aid, such as giving technical assistance, helping human capital formation, support political and economic institutions and training of managerial and technical personnel, the developing countries may improve their growth rate (ibid, p, 10). The problem could be that Aid operations may have less power to move the stagnant resources of the recipient country because the development obstacles are more than what foreign Aid could reciprocate. Aid funds are best suited in this case to be directed to good governance and capacity building of institutions in an effort to make institutions more effective (Anton Johnston and Lennart Wohlgemuth 1997, p.89) emphasis on Bottom-up building perspective by helping local and national institutions to absorb Aid funds and other resources.

We hereby argue that development Aid flows are regarded as unearned money and could have a dysfunctional factor and anti-developmental effects. According to John Richards (2006) there are standard difficulties originating from the nature of development Aid coordination. In his article, 'Can aid work?' He presents the four main challenges as follows:

- Lack of local information: Aid agencies may often possess an inadequate information and understanding of political and cultural dynamics in the host country, and may consequently plan an inefficient Aid programs.
- Fungibility of donor Aid: Aid funds may replace host-government spending on the targeted sectors. For example, the donor may seek to improve school enrollment while the host government may decide to rely on Aid to finance schools and divert own-source resources elsewhere for their own use.

- Provision of subsidy to rent-seeking elites: rent-seeking is often applied to corruption and mismanagement of public and private resources.
- Legacy of the past: Political influence of the donor may create a dependence situation to the host country. This dependence may weaken the host country's development institutions

2.2 Institutional theory

In the development discipline the institutional development has recently become a focus of development Aid partners. It has been realized that building institutions could be the means and the goals of Aid projects. Beginning from the birth of sustainable development, its social and environmental principles, the waves of democratization in recent decades and the demands of sustained economic growth have drawn attention the importance of institutions. From the early 1990s the Aid partners started giving special attention to the quality of recipient government institutions such as democratic accountability, legal and administrative effectiveness and control of corruption (SIDA Action Plan, 2006, p.18). It is in this view that we hereby present some of the leading institutional theorists.

As quoted from Pernilla Sjöquist (2001), Douglass North defines institutions as “the humanly devised constraints that shape human interaction” (p.8). Douglass argues that better institutions contribute to effective investment in physical and social capital. Douglass's argument concludes that “institutions are the underplaying determinants of nation's long-run economic development” on the other hand Douglass defines organizations as “groups of individuals bound by some common purpose to achieve objectives” (Ibid, p.9). Douglass describes the relationship between institutions as rules of the game and organizations as players of the game (Sjöquist, 2001, P.9).

Peter Söderbaum of the Mälardalen University introduces the institutional theory. He presents his argument as an alternative to the theory of neoclassical economics which use cost-benefit analysis when taking decisions. Söderbaum presents his pluralistic approach which takes the `sustainable development as the ideological point of view`. Söderbaum defines his idea about institutions as a phenomenon that has similar meaning and understood by actors in a similar way (Söderbaum 2000a, p.32). He presents his theory as a power game between actors with different interests and ideological orientation, the actors meet in an arena where actors exchange their ideological orientations. The theory stresses the idea of multidimensional sustainability with many actors involved in every decision-making process. for instance, business companies, broad stakeholders, local communities, NGOs, public interest groups and governments requires to apply positional analysis which consists of comprehensive, adaptive, integrative, multi-scale, pluralistic approach when it comes decision-making, planning and democracy Söderbaum (2000).

Söderbaum emphasizes an interdisciplinary approach and the need to articulate ideologies, worldviews, ethics and related scientific perspectives as part of economics therefore he gives democracy an important position. The author defines democracy as “the respect for human rights and ideas about how power can be divided rather than concentrated; democracy furthermore implies that actors and citizens more generally have to be respected for their different value or ideological orientations as long as these opinions do not contradict democracy itself” (Söderbaum, p, 2005 and 184). The author argues that all decisions must consider the diverse perspectives of different actors, all alternative scenarios must be considered and decisions must therefore reach in conditional conclusions. The institutional

theory of Söderbaum has a great benefit for understanding the institutional problems that we are going to analyze. We realize that to enable development projects to achieve their goals, more effective institutions are needed to provide governance the framework, facilitation of physical infrastructure, human capital investments, and social cohesion necessary for at development takes-off. By applying Söderbaums method we shall be able to link the long-term impact of Aid to the holistic development of the local social, economic, and political institutions and the importance of the constructive democratic multidimensional dialogue that the author is emphasizing.

3. Methodology

This research took qualitative approach which is one of the staple forms of studies in social science, politics, economics and other subjects that are affiliated with business. It is therefore viewed as interpretive, collective, non numerical way to gather and interpret information hence no two situations are similar and every phenomenon is unique (White 2000). This view is important because it construct the description of the research process that is imperative in comprehending the results of our thesis study. We also used explanatory research with an aim to explore the effects and causes among diverse relationship between dissimilar variables (Zikmund 2000).

3.1 Report and Access

Gaining access to SIDA officials involved several steps as we needed to get the right officials that represent SIDA and Kenya missions. We had to send several emails, make telephone contacts in search of the right personnel for our interviewee as interpreted from Creswell (1994).

On 20th March 2008, we began to send several emails to SIDA officials whose contact we had found through the website of SIDA. During this process, we realized there were so many departments in SIDA therefore we had to send several emails to the various personnel in search of the right person and between 25th and 29th April 2008, we got several responses from SIDA officials although these were only referring us to look at the information on the website. We were not satisfied with the response so we went further to contact Mr Lennart Jemt, who is the Country coordinator representing SIDA for Kenya, Uganda, Tanzania and Ethiopia. Mr. Jemt responded that he would be away on official visiting to Kenya but would be back by 5th of May 2008. He suggested that we could contact other officials and if we were not successful then we could get back to him. We were not successful in getting any interview audience with any of the officials so we again contacted Mr Jemt who was already back to Sweden office, He gave us an interview appointment on the 7th of May 2008 at 14.00 pm. We conducted the interview near the reception area, sat on very nice comfortable seats as we interacted openly, asking leading questions in relation to our research and used also the questions we had formulated for interview. Mr Jemt had requested for us to send interview questions in advance but we managed to send only the research questions. We found that he was knowledgeable and well informed about projects and programs in Kenya and even the political situations and the Policies of SIDA. We thought he was the overall person for our research. He also recommended us to some SIDA websites for more information, gave us hand articles which we have used in this study.

We also asked Mr. Jemt about ethical consideration but he mentioned that there was nothing secretive or sensitive about the interview and all information he would give would be open for the public. This was complimented by the fact that we conducted the interview in the open room near the reception area that was hosting other guests. He even requested that we could send our thesis to him when we have finalized. He mentioned that he prefers face to face interview and we also thought this idea was what we wanted as this kind of interview would be more descriptive, narrative, explanatory in the form of story and one of us would be able to immediately highlight any specific material and important issues that are related to our research questions by developing a story and asking questions that need explanations (Wolcotts 1994a). as interpreted from Wolcotts (1994a). the interview lasted for one hour.

3.2 Interview Method

Interviews are viewed as popular forms of data collection and when properly conducted, could provide a rich source of material (White 2000). Our interview took place with an individual therefore it could be described as personal interview. We were guided by interview questions, which were conducted by both of us, the student, and during this process, one of us asked the questions while the other one was noting down the response and even highlighting frequently appearing response. We also gave room for open discussion depending on the environment and what SIDA officials seem to be comfortable with. Our intention was to elicit detailed description from what the officials say and use it for our findings and discussion.

Our aim of using this kind of study is to gather as much representative range of views, ideas, especially on the policies that guide SIDA, Aid operations and why Aid projects from SIDA does not reach its intended goals.

We as the investigators had designed the study, where we had presented the problem, asking questions and we also collected data that would answer our questions. We tried to be as open and not rigid because some issues could tend to be raising problems with the literature that we had given for example the number of literature that we should put in the beginning, how much theory should guide us, but looking at the design of Creswel John (1994 p.18 & 21.) We decided to borrow his suggestion and write the research design in a more flexible format and not overall standardized method that involve a free ranging conversation. The benefit here is the fact that we were on face to face with the interviewee hence we could clear up any misunderstanding immediately that might arise in the process during interview. In this case, both parties were able to ask any question that they did not understand, give room for reframing or even re order the questions. .

3.3 Data analysis process

Data analyses in qualitative research often generate a lot of material as described by Brian White (2000). He gives suggestions on procedures for analyzing data which should involve result formats, for example, the interview questions, observation sheets that assist the researcher as he works through. He explains that the researcher should note down any points and ideas that appear identical or similar. Analysing text and various forms of data could present formidable work for qualitative research especially in deciding on how to represent the data through tables, narrative form, and this could be challenging (Creswell 1994). We will discuss some procedures and analysis strategies we used.

The initial step we made with our interview data was to go through and read all the collected information to get a sense of the overall data. This kind of procedure is also recommended by Tesch (1990). We did this because we wanted to develop a visual data analysis plan and create major themes in the study found in the unfolding pattern from the words of the interviewee. This procedure created and made the report realistic and could catch attention of any reader. Moreover, we did this in order to identify relevant words that provide sound evidence for the themes, descriptions and interpretation of our study.

On May 17th, we begun to peruse the notes that we had made which contained the interview questions as well as paraphrased interview response that the SIDA official gave us. We compared the notes, categorised the information, checked on similarities and differences on

what both of us had noted, this method also enabled us to look for a collection of instances from the data, with a hope that issues that are relevant and meaningful would emerge. This method would help us understand whether we both interpreted the response clearly or the answer was taken on a different notion. We were doing this kind of procedure to further explore and examine any specific remarks, comments, response that would answer our research questions. We discussed on any feedback that were in line with our research questions as we work with words that Mr. Jemt was using for example goals of SIDA, failure of Aids, corruption, democracy and institutions. We then tried to reduce any information that was not relevant. This method is recommended by Bogdan & Biklen (1992) and Huberman & Miles (1994).

When the process was complete, we reviewed the data then began to count on the frequent key words and compared from both of us if they were similar to the notes that we had jotted. Since both of us had the notes we had jotted, we were able to access any missing information that one of us could lose track of therefore we could discuss our understanding, derived ideas during the process of analysing the data. We were able to write any reflective passages in notes, draft a summary field sheet for our discussion. Moreover we were able to contrast and make comparisons on our filed notes as we tried to build a logical chain of evidence from the emerging themes in our interview data especially when we tried to highlight certain information in description. One of us was highlighting any important key words by writing them in capital letters as the other colleague was checking on the answered questions. This method is interpreted from Wolcott (1994b) describing the importance of highlighting information.

Since our research is characterised as case study, we were able to employ different techniques because all these methods enabled us to generate empirical data and information from different sources, situations. Our research was qualitative case study whereby we used interview methods. Case study argued by White (2000), could be described as more of research strategies and could employ a number or various methods which could also include quantitative but the use of description both in the collection and interpretation of data.

In addition, we had a pre- understanding knowledge of the position in Kenya and experience since one of the researchers come from Kenya although she has Swedish experience too therefore the description and narration from Mr. Jemt conveyed familiar phenomenon and understanding. We then checked on the emerging narrations and compared with our pre knowledge to see any similarities or difference, In view of these pre understanding, we will base our perception on the existing phenomenon for example on Aid projects, poverty eradication and Aid concept. This is one reason why our study is in line with the Epistemological assumption that view theories, hypotheses and background knowledge held by the researcher or investigator can strongly influence what is observed (Reichardt & Rallis 1994). It is in relation to this perception that we view our background and the theories we have read, as would be playing a role in influencing our pre understanding of donor funding. Our research would also answer mostly how and why questions therefore was an attempt to explore the problems of Aid In terms of literature, we browsed through the internet sources books and articles that related to SIDA and other donor funding, We sourced and searched articles and books that relate to development Aid in Kenya and other donor funding to African countries and even literatures on funding. Some information was also found on SIDA websites that describe their operations and our study.

3.4 Data Collection

In case studies, there is a development of many methods that could be developed using various sources of data. Approaches to data collections continually expand in qualitative research (Creswell 1004), there are some different basic types of information that could be collected namely observation, (non participatory to participation), interviews which could be (semi structured to open-ended), documents ranging from private to public.

In our research, we mainly focused on in depth focused with interview questions with the programme coordinator of SIDA. We selected this kind of method as primary source of data because it enabled us to focus and target information that was directly relevant our research topic, as interpreted by Yin (2003)

We did not intend to use quantitative research because the results would be taken on numerical value and this will not enable us to explore the emerging themes or key repeated key words, interpretation on narration and description. Moreover, our research referred to (Creswell, 1994, p.156). That took the path of qualitative method that involve listening to narrations, descriptions, story that would be flowing, thus, we were able to see self disclosing comments from the interviewee through the qualitative narration, or issues chosen to study. We were using this perspective because ultimately, we hoped our personal concerns would be reflected for example the heartfelt need to eradicate poverty by ensuring the funds reach the right recipients. This perspective would provide conceptual frame work that would guide our study.

3.5 Research approach

We to used qualitative approach in analysing our collected data from the secondary and empirical data, from the interviews we conducted on SIDA. This is because qualitative research allows interpretive study to be carried out. Moreover, data could also be collected in the form of description. However with qualitative approach, we used the data that came in the form of narrations, descriptions elicited from the responses in the questionnaires then tied to the literature, books, articles and internet source. This enhanced our findings because the results were interwoven in relation to the literature and interview response. At the same time, we were able to categorise the response and put them in emerging themes. Some of the key words were appearing many times in relation to the issues under investigation therefore we regarded them as key emerging words in our findings, and analysed them as answers to our research questions.

During the interview, we were as neutral as possible but at the same time we did not see any problem in using our hypothesis and pre- understanding, background knowledge since it confirmed and made our investigation to what could be considered reliable and valid as possible. This was because we were eliciting ideas from all sources. We also used, books, articles, pamphlets and internet sources because it could help us merge theories and literature review and field research into findings. We tried also to link our pre understanding and theories on Aid to the interview findings in order to harness research, by exploring the response or confirmation we got from the field.

4. Aid history and aid justification

We want to start this section, by asking the question; why Aid is needed? The short answer to this question is that Aid is needed to fill the gap that the developing country leaves due to lack of resources. To explain our argument we would like to refer some Aid literature and concept. During 1950s and 1960s when development Aid became a major part of the world politics, several development theories emerged but since Aid theories are naturally part of the main development theory, there has not been independent development Aid theory however related theories could be logically derived from various development theories of growth and development (Kumar 2005, p.4).

4.1 Previous studies

Our objective in this section is to present other related literature of development aid projects in relation to poverty reduction, capacity building and democratization projects. The literature on these issues on development projects were studied in different perspectives. We therefore present those available and relevant to this research. Most of the studies in Aid field were conducted to explain the relationship between Aid and growth, Aid effectiveness, and effectiveness of Aid agencies (Finn Tarp, 2000, p.2). The concept and the history of development Aid has been changing from different models in the last fifty years therefore generally, some of these studies were proponent to Aid and got termed as Aid volume increase, while others were critical against Aid.

4.2 Foreign aid proponent arguments

The proponent side is represented by Jeffrey Sachs, the current chairman of the United Nations project of millennium development goals. Sachs argues that foreign Aid works efficiently under good economic environment. In his recent book, *The End of Poverty*, he states “Our generation for the first time in human history really could see to it that the extreme poverty on the planet is ended, not just by half but ended by the year 2025 The required doubling of annual official development assistance to \$135 billion in 2006 raising to \$195 billion by 2015, pales beside the wealth of high income countries and the worlds military budget of \$900 billion a year”(Sachs, 2005, P.1) He argues that the amount of development Aid which has reached the world poor is in fact very small. He claims that the average amount of real development Aid given, for example to each citizen in sub-Saharan Africa in 2002 was approximately \$12 (£6.37) and questions whether \$12 is enough to teach someone reading and writing. Mr. Sachs concludes that developed countries need to offer 1 percent of their GDP.

Craig Burnside and David Dollar (2000) studied the relationship between foreign Aid and economic growth; they found that foreign Aid has a positive impact only in countries which has undertaken good economic and political environment. He argued that “Various institutional and policy distortions can lower the return to capital and reduce transitional growth rates” (Burnside and Dollar, 2000. p.4). The authors suggested that Aid allocations should be selected according to the existence of good governmental institutions but the fact is that most LDCs have weak governmental institutions and according to their advice those with weak institutions would not get any Aid at all.

4.3 Foreign Aid opponent arguments

The opponent groups to foreign Aid could be mentioned for example; William Easterly an ex-world bank employee argues that foreign Aid is characterized by western world's domination and patronizing approach. In his book *The White Man's Burden* he asks "After \$2.3 trillion over 5 decades, why are the desperate needs of the world's poor still so tragically unmet? Isn't it finally time for an end to the impunity of foreign aid?" he concludes that "Aid dependency rather than development has been the result of 40 years of foreign Aid to LDCs¹" (William Easterly, 2006, p.1). He believes that lack of growth in many developing countries was not as a result of inadequate foreign Aid but is caused by bad governance. He calls for the total abolition of foreign Aid.

The other well known scholar who opposed foreign Aid is Peter Thomas Bauer, Bauer was an economics professor at London School of economics, according his book "*Biståndsmytten*" in 1984, Bauer argues that the causes that result in poverty could not be removed with Aid meaning that poverty is just a consequence. He is critical of government-to-government Aid, claiming that this kind of Aid is neither necessary nor sufficient for development. He argues that such Aid would make the government more powerful than the private sector and society as a whole and that negatively affects free trade, misallocates resources leads to corruption (p.16). Bauer suggests that free trade and freedom could be the base for future development for poor countries and development could be created only from inside.

4.4 justification of development aid

In this section we intend to display a summary of the history of Aid in order to find a way to present the concept and ideas that guided the Aid process. The origins of development Aid had actually started during the colonial era when colonial empires transferred substantial investments to their respective colonies (Ravi Kanpur 2003 p. 5). Then economic growth became the main policy objective in the newly independent countries after the second world war, in this period several development theories were presented by researchers and scholars like 'big push' (Rosenstein-Rodan 1943), 'balanced growth' (Ragnar Nurkse 1953), 'take-off into sustained growth' (Rostow 1956). All of these theories concentrated on one factor, the increase of gross national products (GDP) as a means to realize development and to break poverty (Eric Thorbrcke 2000, p. 4) and much attention was not paid to social development.

As argued by Kumar (2005) the development Aid theory originated at the start from the theory of economic development. The Aid theory became one part of growth theory developed by Roy F. Harrod in 1939 and Evsey Domar in 1946. (The Harrod-Domar growth model) this model explains capital formation and savings to make economic growth (Kumar, p, 2). To achieve economic growth the model emphasizes the creation of adequate savings and therein investments. The conditions to the developing countries are that they do not have sufficient average incomes to generate their own capital through savings, and therefore accumulation of the capital stock for investment is low, as a direct result bottlenecks to economic growth and development is created. In order to eliminate the bottlenecks it is necessary to fill the investments shortage with either loan or Aid (Bertil Oden 1986, p.9, 103). Since the developing countries have difficulties in paying back loans, Aid is justifiable. That is the basic thought of the development Aid theory. There are also other Aid justifications that portray most developing countries as not having enough resources to provide adequate basic social services, and therefore foreign Aid fills the gap which the developing state leaves. Another similar idea but rather radical is presented by Ragnar Nurske as quoted from Kumar

¹ Least developed countries

(2005), Nurske explains that the least developing “countries are inexorably trapped in a vicious circle of poverty, low income, low savings, low investment and low productivity. However, this circle can be broken by a big push of heavy capital investment. Foreign Aid will be useful in giving that big push” (p, 7). This model helps us to explain why Aid is necessary.

During the cold war, foreign Aid was mainly used for security and political reasons, Western or Eastern powers used to grant economic assistance to prevent friendly governments from falling under the influence of unfriendly alliance. Although each block of the cold war powers tried to use Aid for political and security reasons at the same time Aid theory had been developing. During 1970s the development Aid theory focused on capital accumulation and substantial investments on infrastructure and projects were made, as explains by Bauer (1984), the theory and its procedures did not bear the expected results, the gap between rich and poor became widened, many poorer countries were left behind, basic social services were deteriorating (Bauer 1984 p. 10). Bauer argues that Aid alone cannot make development because development cannot be created from outside. The author stresses that people’s culture, political will; social capacity and motivations from inside create development. He argued that Aid is causing the developing countries into underdevelopment and leads into dependence relationship (ibid p.11).

4.5 Development Aid and Dependency Theory

The dependency theory has emerged as a result of failures of the liberal development theory. The founder of dependence theory was an Argentinean economist Raul Prebisch, his theory is based on dividing the world system between the centre which represents rich industrialized countries and the periphery which represents the poor developing countries. The periphery produces primary products that are exported to the centre; the centre produces manufactured high quality products and exports to the periphery. The centre realizes profit by using technology and generates savings for further investments and as the centre continues to develop, the periphery continues to remain underdeveloped (Bertil Oden, 2006 p.59). Another dependency theory promoter was a German economist Hans Singer; he came up with Prebisch model and brought what is known as “Singer-Prebisch thesis”. He argued that the technological improvements favor the terms of trade at the centre against the periphery and as a result of technological differences the periphery and will never be able to import goods from the centre. As Oden (2006) explains in mid 1970s another wave of dependency theory had emerged, the promoters were Paul Paran, Samir Amin and Andrey Gunder Frank, They argue that the underdevelopment of the developing countries was as a direct result of their integration to the unfair trade relationship with the developed countries and they suggested the cutting off of trade relations with the developed countries and their translational corporations. This theory had a great influence to many developing countries in 70s and 80s, (Oden 2006, p. 59). The theory suggests that the developing countries should build their own industrialization process, trade and growth. National governments should be given greater roles to realize the required growth. The dependency theory does not explain direct development Aid practices but could be used to understand why Aid is not making positive results because most recipients have dependency problem.

4.6 Sustainable development approach to Aid

The Report of the World Commission on Environment and Development (WCED; the Brundtland Report), published in 1987 introduced the master concept of sustainable development to the international arena. The main idea behind the sustainable development concept was to find a way to dramatically minimize the environmental impact of economic development. The concept seeks equity between generations and between north and south (Redclift, Mechael 2005, p.102). The equity concept implied that rich northern countries should give development assistance to the southern poor countries. Then mega United Nations Conferences followed to discuss the development assistance process with zeal.

The earth conference (UNCED)² in Rio in 1992 had a good deal with development Aid, the developed countries reached a compromise deal with the developing countries. It was agreed that the developing countries would actively participate internationally, recognized environmental protection agreements in exchange for continuation of development assistance cooperation with the developed countries. The conference delegates approved an action plan called “Agenda 21”. The action plan is required to be implemented at the international, national and local levels of every organization. Alexander Gillespie (2001) argues that Aid is justified because “we live in a village world that we belong to a world community” (p.113). As we quoted from Gillespie, Tariq Hyder a representative from some developing countries known as group 77 presented his argument by saying

“The industrialized countries must realize that the rules of the game in the north/south dialogue have changed. In the past ... the southern world was seen in terms of “lifeboat” and “triage” theories where the weak might have be left behind. It is now clear that in terms of global atmosphere and environment, we are all in the same lifeboat. If the developing countries are not given the trade opportunities, debt relief, credit facilities, technical assistance and the technology flows that they require for their development we will all eventually pay the price” (p.114)

The Paris declaration held in March 2005, hosted more than one hundred countries where multilateral development banks and representatives of Aid agencies gathered in Paris and signed what is known as the Paris declaration (See, Paris declaration report, 2005). The objective of Paris declaration was to improve Aid effectiveness through adherence to the 5 basic principles:-

- Ownership: The ownership and management of aid projects to be included to locals and indigenous people, the new ownership is called “good ownership”
- Alignment: aid must be Aligned to National Development priorities,
- Harmonization: Aid efforts to be harmonized to be able to push the poor towards sustained growth and development
- Managing for Results: measuring and managing resources for results
- Mutual Accountability for aid effectiveness: Both donors and recipients to work together to make sure achieving aid results.

The millennium development goals focus on aid effectiveness with well defined goals and targets. According the MDG’s, Aid delivery could be measured and predictable results could be achieved as a result poverty rates, infant mortality, school enrollments and other key

² United Nations Commission on Environment and Development

indicators of low development would be dramatically reduced by the year 2015 (see, millennium development goals) .

All those massive movements and conferences were a sign of changing world view on development and environment. We have presented those initiatives and concepts which specifically relate to development Aid, Aid effectiveness and improvements for Aid relationships. Therefore all initiatives emphasize that the Developed Nations have an obligation to grant financial Aid and technical assistance to Developing Nations (Stokke p.10). We will therefore try to utilize as much as possible from those theories to get an explanation to our research theme.

5. The Swedish aid policy towards Kenya

In this section we present the historical background of the Swedish foreign development Aid policy, how the relationship started and how it is functioning currently. The section is divided into four sub-titles; the introduction and historical background of the Swedish development cooperation, the Swedish foreign policy towards Kenya, the Swedish foreign Aid actors and the structure and functions of SIDA. The Swedish Policy for Global Development (PGU) gives an overall picture of the Swedish Aid policy. It calls for all policy actors “to work in a coherent way towards the central goal of contributing to an equitable and sustainable global development” (Global development policy report, p. 31). We hereby present the development cooperation in figures between Kenya and Sweden. The table illustrates that human rights and democratic governance has the highest amount of Aid allocations. In appendix 12.2 we present the basic facts for both Kenya and Sweden, because the two countries have development cooperation history and therefore we see it as beneficial to see the basic facts of the two countries.

Development cooperation with Kenya in 2007

Facts	SEK
Health	31 946 000
Education	3 691 000
Research	0
HR & Democratic governance	130 827 000
Conflict, peace & security	886 000
Humanitarian assistance	6 284 000
Infrastructure	47 442 000
Trade, business & fin. systems	814 000
Natural resources and environment	86 949 000
Budget support poverty reduction	0
Other	10 074 000
Total	318 913 000

Source: 2007 Sida Annual Report

By studying the most active various actors involved in Swedish foreign Aid and how they perform their tasks and deliver the Aid, it will help us to find out causes and origins of development projects failures. At the same time we hope that this will help the reader understand how the information and analysis is presented.

5.1 History of Swedish foreign Aid policy

Sweden is generally regarded as a generous country in the field of development assistance. Unlike many other western European countries Sweden has not had colonial background and as a small country respectively with a history of neutral policy, has not had historical or

strategically interests for giving Aid (Helge Hveem and Desmond McNeill 1994, P.5). It has no considerable commercial ties with most of the countries it gives Aid but at the same time, Sweden occupies a forefront place for the donor community (ibid p.5). The modern Swedish Aid policy started in 1962 when the Swedish parliament approved the Swedish development bill known as white paper (Elgström p. 41), the bill was forwarded by government headed by the Prime Minister Olof Palme. The bill affirmed that “*development assistance needs no other justification than that of moral duty and international solidarity*” (ibid p. 42). That means altruism and humanitarianism concerns reflects the basic motive of the Swedish Aid policy, but sometimes political interests plays a role. The Swedish motive seems to be the reflection of the grassroots’ Swedish welfare system, socialist and equality values led by the Swedish social democrat which has dominated the Swedish policy for decades (Stokke, p.16. Elgström, p. 42). This socio-political norms demand are also transferred into the international arena (Bo Kärre and Bengt Svensson, p.231). The Parliament set the goal that the Swedish development cooperation should take “to improve the standard of living of poor people”. In 1968, the Parliament decided to increase the volume of Swedish development cooperation to be gradually increased to one per cent of GNP by mid-1970s to cope with the growing poverty of the developing countries (Piere Fruhling 1986, 29).

5.2 Swedish development goals

The Swedish development Aid goals and concentration fields and program countries were changing and developing, but the overall goal was based on “improving the standard of living of poor people”, as explained in the latest Swedish Global development policy report (p.5) approved by the parliament in 2004, the main goal is supplemented with other goals as following the new policy based which is based on eight essential elements:

- Core values: democracy and good governance, respect for human rights and equality between women and men.
- Sustainable development: sustainable use of natural resources and environmental protection, economic growth and social development and security.
- Other essential elements: conflict management, security and global public goods.

As argues by Hveem and McNeill (1994), Swedish development goals sometimes contradict themselves and create irrationality of Aid policy, at the same time the world situation is changing (p.39). The authors question the political and economic independence goal, a goal they see “*a bit outdated*” and “*clearly impossible*” (ibid p. 43). Generally Swedish Aid policies has experienced through several policy stages, during the 1970s, development assistance policy concentrated on infrastructure projects (ibid p.39). At the same time program countries were given a greater role with less conditions and control, recipients had a chance to decide the projects or sectors that are most suitable to invest.

During the 1980s, budget support was the dominating concept. It was a period when structural adjustment programs were implemented, this period donors played a major role on Aid management (Oden 1986, p.105) and other actors like the World Bank and IMF became active. The new Swedish Policy for Global Development Cooperation is given one single goal “to contribute to an environment supportive of poor people's own efforts to improve their quality of life” (SIDA, 2005, Goal, perspectives and central component elements, p.2). The new policy especially focuses on poverty reduction for the most of the operations of SIDA. In an effort to get a functioning organizations and effective institutions the new policy

emphasizes the need for institutional development and capacity building (SIDA 2001, p.8). Generally, the Swedish Aid strategy is a reflection and accumulation of the millennium development goals, the Paris club principles, and the Swedish foreign Aid tradition.

The purposive goal of SIDA development cooperation with Kenya is to enhance the living conditions of Kenyans by reducing domestic poverty. The operation of SIDA in the year 2004-2008 is aiming at enhancing the following (SIDA, 2005).

- Economic Growth: the pro poor growth
- Social development: This is also interwoven in the human and social development which is one of the key principles of support from SIDA.
- Sustainable Management of Natural Resources: This involves land use, supported by social planning, and management, environmental sustainability.
- Democratization: This aimson human rights, accountability, involvement of citizens, transparent judiciary.

5.3 Swedish Kenya Development Cooperation

In this section we are going to discuss the development cooperation between Sweden and Kenya. Kenya has been receiving a considerable Aid package from a number of multilateral and bilateral Aid donors but Kenya is still suffering of enormous developmental problems therefore we shall present why Aid, especially from Sweden is not reaching its intended objectives as mentioned in the preceding section neither is it meeting the target group.

After the independence Kenya had realized considerable economic growth, but this growth was uneven, a small number of ruling elites became richer and richer while the vast majority of the society remained poorer and poorer “The poor make up more than half the population, while a tiny elite commands enormous wealth”(Sweden, Kenya country strategy, 2004, p.6). The country had suffered a series of crisis and a complex of factors, the economic growth also had and has turned down, a number of economical problems emerged; lack of vital resources, infrastructure and capital. These factors caused lack of investments due to inadequate savings, lack of foreign exchange to buy machinery, factors and to invest social basic services (ibid, p.7). In relation to social exclusion, it important to note that Kenya is considered to be one of the most socially unequal countries in the world as halve of the population lives on less than one dollar per day. “The wealthiest 20% have approximately 62% of the income, whereas the poorest 20% share just 3%. It is estimated that 20% of the total land area of Kenya is cultivable. Some 80% of the population lives in this 20% (Sweden, Kenya, Country strategy, 1999, p. 6).

Since 1960s Kenya has been a major recipient of Swedish bilateral support as development Aid to but the expenditures and sustainability has been declining due to the corruption problem, lack of democracy and law human rights record.The Swedish Aid allocations for Kenya fell from SEK 150 million in 1990 to SEK 65 million in 1996 (Sweden, Ministry of foreign affairs, Kenya country strategy 1999, p.12). Kenya’s economic development has been stagnating since the mid-1970s. The average increase in GDP fell from approximately 7% in the 1970s to 2.2% in the period 1990-1997, at the time when population growth was estimated to 2, 8% per year. This means that economic growth fell below the population growth (Ibid, p, 6). According to the Poverty Eradication Commission under the ministry of state for planning, development and vision 2030 in Kenya, “the poverty levels skyrocketed from 46% in 1992 to 47% in 1994, 52% in 1997 and 56% in 2000” (Poverty Eradication Commission of Kenya)

The main causes of Kenya's economic decline could be bad economic policy, the widespread and chronic corruption and the misuse of public resources, these issues and others are believed to be the main reasons why Swedish Aid has decreased in Kenya. The development cooperation between Sweden and Kenya is mainly based on the Poverty Reduction Strategy Paper (PRSP) issued on March 2004. Kenya has its own Economic Recovery Strategy (ERS). The (ERS) presents a multifaceted strategy and expects development partners to help implementing this strategy. Sweden supports the (PRSP), and the summery strategy of this policy could be found in SIDA homepage (Why does Sweden provide Support to Kenya). The summery strategy of this policy is (Poverty Reduction Strategy Paper)

- To meet economic growth,
- Social and economic Equity
- poverty reduction policies
- Governance objectives.

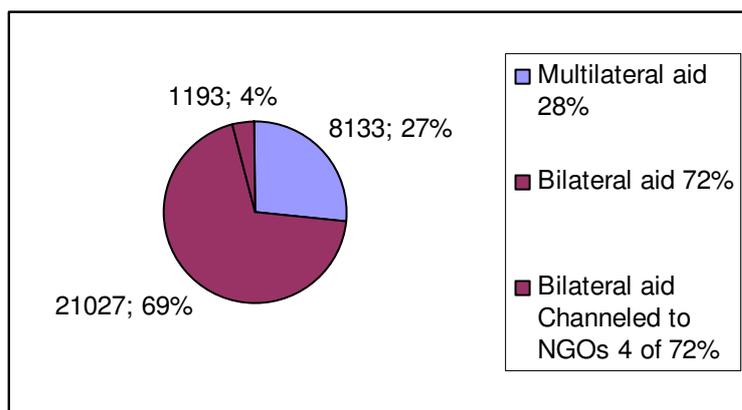
Sweden together with other major Aid agencies and donors apply the Kenya Joint Assistance Strategy (KJAS), agreed on September 27, 2005 between the Government of Kenya and the development partners. The objective of the strategy is to reduce transactions costs to the government in dealing with multiple development partners in each sector, and to increase the effectiveness of Aid (HAC Report, No.3, 2007).The Kenya Joint Assistance Strategy supports the following countries; United States, United Kingdom, Canada, European Commission Delegation to Kenya, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, United Nations, Denmark, the World Bank Group and the African Development Bank” (see, Harmonization, alignment, and coordination). When the government of Kenya is committed to good governance, democracy, the rule of law and promotion of human rights, then development partners does reconsider the use of direct or sector budget support that is given to the government.

5.4 Swedish Aid Actors

The ministry of foreign affairs has the overall responsibility of the Swedish Aid management, allocation and selection of country programmes. Above the foreign minister, there is special minister for development cooperation, the current development cooperation minister is Gunilla Carlsson, and she is assisted by an undersecretary of state. There is also a special department, the office for international development cooperation. This office arranges government decisions on development Aid and has the job to coordinate with UN agencies (Kärre and Svensson, 1989, P.257). SIDA prepares the annual Aid budgets with country distributions and sector allocations and submits the proposal to the ministry of foreign affairs, the ministry then studies the proposals and gives attention for political considerations, and then it submits to the ministry of finance which has also authority to make some changes for financial reasons. After that it comes to the cabinet for more discussion and to be included the final version of the government's proposal to the parliament. The proposal is first studied by the foreign relations sub-committee of the parliament (Sida, 2005. p. 66). Finally, the proposal is presented to the parliament for final decision. When decision is made the proposal becomes law and SIDA has the jurisdiction to implement it. According the aforementioned statements we could see that “the civil servants and consultants employed have had a decisive influence on Aid policy” (Kärre abd Bengt 1989, p.265).

As presented on SIDA home page “How much does Sweden give in ODA”, all the Swedish Overseas Development Aid is not channeled via SIDA. For example, SEK 29.3 billion was

allocated for foreign Aid assistance in 2006 and over SEK 15.7 billion, or only 54 per cent, was channeled via SIDA. Approximately two-thirds of the funds go direct to bilateral support programs between Sweden and individual partner countries. While one-third of the funds is allocated for multilateral cooperation and is channelled primarily through UN agencies system, the World Bank, other development banks and to the EU's development cooperation budget (see. How much does Sweden give in ODA?). That shows the foreign Aid is also channelled through other organizations. Other major Swedish actors in the field of international development cooperation are the Ministry for Foreign Affairs and the Export Credits Guarantee Board (How much does Sweden give in ODA?). the below diagram shows how the funds are channelled between bilateral and multilateral funds



Source: SIDA, 2007, Det här är Svenskt bistånd, Stockholm P.4

5.5 SIDA's structure and functions

During the first few years that SIDA existed, the Aid policy had created hot debate on how Aid is distributed and the amount. The social democrats led government in this period and have included programs countries that are many of socialist countries from Africa, Cuba and Vietnam, claiming that this government has development policies in line with the Swedish values (Kärre and Svensson 1989, p.252). Opposition parties claim that the government is applying ideological considerations for allocating Aid

As explained in SIDA's organization pamphlet and the SIDA homepage referred as (SIDA's organization) the agency has a "Director General, Deputy Director-General, two Assistant Director General, the Planning Director and thirteen Heads of Departments" the Director general has the ultimate responsibility of the agency. The board of directors has the right to approve SIDA's annual budget, the annual report and the evaluation plan. All board members are appointed by the government and they represent the political parties, trade unions, SIDA staff and NGOs. SIDA has 16 departments including Africa department (Sida's organization) which "has the overall responsibility for cooperation with countries in sub-Saharan Africa as well as regional support to Africa". There are field unit offices located in the program countries. These units operate and represent SIDA within the Swedish embassies and are responsible for initiating and planning development projects of the host country. The field unit offices report to the regional cooperation offices.

6. Planning of development projects

The objective of this chapter is to briefly highlight what guidelines SIDA follows when planning, implementing and evaluating development projects. The project life cycle is a stage that all projects go through regardless if the project in question is commercial project, public sector project or Aid financed project. A project could be defined as “A project is a one-time, multitask job with a definite starting point, definite ending point, a clearly defined scope of work, a budget, and usually a temporary team” (Lewis, 2001. p.5). Lewis argues that “projects often fail at the beginning, not the end” (Ibid, p, 107). Projects could be divided into two main parts people’s centred projects like, health, education, capacity building courses and technical centred projects like building or maintaining infrastructure, enhancing farm extension projects, and supporting productive procedures. We will therefore we present the project stages below.

6. 1 Development projects appraisal

When we say planning of development projects, we do not aim to explain explicit how planning of each project is done, but we aim to explain how SIDA, its partner and actors make the planning in order to distribute allocated funds to different projects and sectors. The initial planning of development projects plays an important role in achieving well functioning projects and effectiveness of development Aid. On the contrary, wrong choice of development projects, inefficient implementation and management of these projects will inevitably reduce aid effectiveness and makes the investments wasted. The cause of the failures could be blamed to either the Aid agency’s bad planning or mismanagement from the recipient’s side. The Aid agency might fail to investigate from the very beginning, the extent to which Aid has had a long-term impact on the target beneficiaries and on the national socio-economic environment.

Planning of Aid does not only depend on the Aid agency’s planning but also needs the plan to be in line with recipient country’s strategic plan and Sweden’s country Aid strategies and programming. Therefore, SIDA helps the programme countries to take the initiative in preparing and implementing development strategies. Kenya has issued a policy document for poverty reduction strategy paper called Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) in March 2004 (Kenya poverty reduction strategy paper, 2004, P.7).

SIDA mostly uses the Logical Framework Approach (LFA) a matrix or a method that is conditioned to all SIDA’s financed projects to apply as a part of the project document and the evaluation then follows the structure of the LFA matrix (Sida at work, p. 73). Elgström (1992) explains that SIDA has development cooperation office in each programme country, there are also regional offices responsible for supervising and controlling of several countries in the region, for example East Africa regional office. The field unit reports the proposals of new development projects to the regional department in the region they operate, field unit has the responsibility in collaboration with the host country’s authorities to identify projects which can be funded according the development objectives then they raise the idea preparation of projects, finally they prepare the project memorandum with the required documents and information (Elgström, 1992, p.59). The memorandum must justify the projects financial and social benefits to the beneficiaries, and then they submit that idea to the regional office.

The regional office together with the concerned sector division of SIDA has the responsibility to choose between different projects and to prioritize between sectors and countries and regions within the country. Now we come back to SIDA's procedures, the procedures above seems to be a well formulated procedure, the question is, how the field units were conducting their dialogue. If field units are allowed to make contacts not only to the government officials but to the wider stakeholders, to civil society, to local communities, and direct to prospective beneficiaries then the outcome could be multidimensional and well balanced result. All actors with different interests are be consulted and given a chance to negotiate. In this stage some times the decision on the choice between countries and regions could be miscalculated. Unjust and inequality could take place as a result of personal judgments. The whole Aid system could be donor driven because the expected beneficiaries are not consulted.

6.2 Planning sustainability of development projects

In order to prolong projects impact to beneficiaries as long as possible, it requires the planners to consider planning and assessing this criteria from earlier stages of the project planning. The main reasons why Aid projects fail is that development partners mainly aim to help and alleviate poverty by allocating Aid funds but without proper planning and prioritising. As presented by Cracknel, the development assistance committee (DAC) of OECD (1989) has published a study called "the factors of sustainability" and has suggested seven points as a condition for the sustainability of projects (see Cracknel, 2002, p, 246).

1. Host government's support for the project. If that does not happen, there could be great risk the project to cease functioning once the aid agency withdraws its support.
2. There must be local managerial ability and effective institutions to run the project, this requirement could be achieved by giving an adequate training to the locals who are supposed to operate the project.
3. Suitable techniques should be chosen to the recipient's level of technical knowledge and the social oriented projects must be in line with the prevailing socio-cultural circumstances.
4. During the planning process, broad consultations must be conducted with the expected beneficiaries, locals and wider stakeholders in order to avoid future risks coming from projects environment.
5. Identify risks that may impact the project operations
6. Women should be given a greater role at the initial stages and during project operations, the reason is that, women's role in most sub-Saharan Africa seems to be marginalized but in practice the fact is different, women's involvement in every aspect of life is vital to the communities. If projects are managed only by men, the project has a greater risk to collapse due to corruption and mismanagement. That is why the DAC suggest strong women involvement if sustainability is to be achieved.
7. The project must be compatible with the environment and not causing environmental degradation and hazards in the short and long run. .

Easterly (2007) quoted from the commission for Africa that 'the system for allocating Aid to African countries remains haphazard, uncoordinated and unfocused. Some donors continue to commit errors that, at best, reduce the effectiveness of aid. At worst, they undermine the long-term development prospects of those they are supposed to be helping (P. 58). The UN Millennium Project (2005) led by Jeffrey Sachs is criticizing the international aid system, and argue the system is ill equipped to provide the necessary development Aid "because of a shortage of supportive rules, effective institutional arrangements, and above all resolve to translate commitments to action" (p. 193)

6. 3 Project implementation

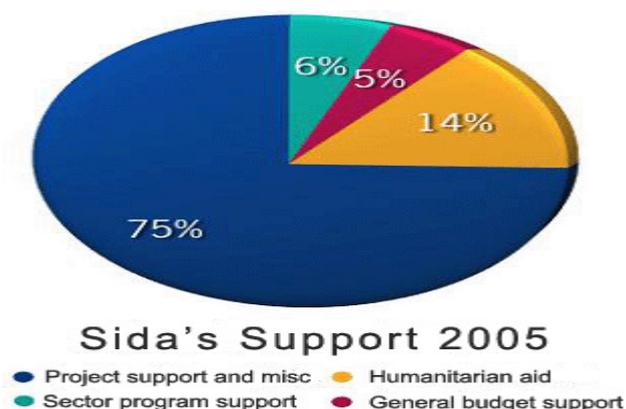
Implementation stage is the actual execution of what has been planned to be a development project. Implementation is made according to projects agreement and memorandum. During the implementation process complexity and risks come to closer, bureaucratic problems, and conflicts could emerge. New intermediary organizations appear, these intermediaries include recipient government ministries, local NGOs, private contractors and interest groups.

Projects funded by SIDA could be implemented in several ways, as following (Sida at work 2005, P.64)

- Projects implemented direct by SIDA, this could be short term training courses or supplying some materials.
- Projects implanted by contractors under supervision of SIDA, this could be implementing technical projects, like building a road.
- Projects financed by SIDA but are managed direct by Swedish NGOs, international or local NGOs. This could be social development projects, like supplying medicine to primary health care centers in some rural communities.

Regarding the projects that SIDA directly implements are done according SIDA procurement guidelines (SPG). The SPG “is a set of rules that SIDA has formulated in order to offer its cooperation partners a corresponding and internationally acceptable set of regulations” (SIDA Procurement Guidelines). The other way SIDA implements its projects is to give a contract to private or public company from either Sweden, overseas company or the recipient country.

According to Kärre and Svensson (1989) “Two-thirds of the SIDA appropriation for information on developing countries and development aid is given to NGOs to be used as they see fit.” (p. 270), This shows that most of SIDA’s development Aid is channeled through NGOs. This means that a lot of SIDA’s Aid effectiveness is actually depending on the works of SIDA`s Aid partners. Most of the project funds are channeled through Swedish NGOs, and other internationally recognized NGOs. “One of the cornerstones of SIDA's cooperation with Swedish NGOs is the "project grant", which allows the organizations to operate independently using funds contributed by SIDA. The diagram below shows how SIDA’s assistance funds are distributed between different types of support and it shows that approximately 75 percent of Aid is project type.



Source: SIDA, types of support.

http://www.sida.se/sida/jsp/sida.jsp?d=1357&a=24980&language=en_US) list)

7 Causes of development projects failures

The causes of the failures of development Aid in Kenya are attributed to the problems existing beyond Aid, that means the overall difficulties overshadow Aid efforts therefore foreign Aid does not necessarily change the situation. At the same time there are several reasons why Aid could not push the stagnant economical and social factors, many reasons emanating from donor partners and also from the recipient side as we have discussed in the previous chapter. Further to this, we would now concentrate on the impediments that originate from Kenya.

Kenya is considered to be the second largest economy in Sub-Saharan Africa, coming after Nigerian and South African. (Deremo Maiko, 2003). However, Kenya has a number of developmental problems that stagnate and downswing her production capacity. The country has so far internal and an external (including Aid funds) resource enough to push Kenyan development wheels, but the problem is that Kenya has institutional problems due to poor governance and widespread corruption. In view of these, we will give an overview on the main causes of development Aid failures in Kenya, being institutional variables like democracy, good governance and corruption. All these variables impact negatively and are barriers that stand on the way of effective development Aid.

7.1. Democracy and development Aid in Kenya

Since independence in 1963, Kenya had democracy problem. From the beginning the country had single party system; this had changed into multiparty system in 1992. After general elections held in 2002 which was won by the opposition coalition Party "National Rainbow Coalition" — NARC and Mwai Kibaki was elected President (BBC, Country profile: Kenya) Kibaki was elected to fight endemic corruption, promote democracy and to ensure economic growth. Sweden's development cooperation continued with a hope the peaceful democratic transition will continue (Ibid)

The reality is that "Undemocratic culture has hampered development, marginalized people, serving elitist interest other than political ideology; Lack of democracy has become the breeding ground for corruption, hampering investment and reduced international support" (Country strategy 2004, p.6). The strategic paper on development cooperation, The Swedish government emphasizes the statement that:

The political leadership has failed to implement necessary reforms or safeguard the human rights of its citizens, although Kenya has signed the major international conventions on human rights (country strategy 2004, p.6). There is a need to enhance democratic governance in order to address poverty in Kenya. Lack of democratic governance is both an aspect of poverty and major hindrance to sustainable, equitable growth and social development. In addition, if there is no rule of law then respect for human rights in the decision making process and participation process cannot be achieved.

Government institutions are not adequately accountable to the public and to their institutional stakeholders, as a result, the poor governance has left little room to reduce poverty and ensure sustained growth. Moreover, lack of confidence in the government has consequently given negative impact on investment and trade. This kind of chain of issues in the long run end up in high unemployment rate, furthering high intensity of poverty level which is one serious factor of poverty and insecurity. Ethnic based conflicts and tribal polarization remains one of the country's biggest challenges to democratization. Political tensions between the

Government and the opposition have been primarily anchored on ethnic identity (Country strategy 2004, p.6). From the above discussion, it could be conclusive that support for democratization in Kenya is extremely relevant and appropriate and Sweden would focus even more closely on these issues in future development cooperation. Support for democratic government is a fundamental element for development.

7.2 Corruption and development Aid

The corruption phenomenon is wide spread in Kenya and is regarded as a chronic problem to Kenya's development efforts. We use the term chronic because it is difficult to eliminate. Why? Because it is widely believed that the Kenyan top politicians are involved in the corruption network for this reason whenever the government tries to investigate and combat, it is confronted with difficulties because the top officials themselves are usually involve in corrupt deals hence the whole process is forced to end without positive result (Oluoch 2004). Aid funds are one of the most tangible resources in which the corrupt officials have attempted, manoeuvred and successfully harvested much.

Naturally Aid is a capital flow coming from external sources hence when these resources reach Kenya, the officials endeavour to guarantee that they will deliver the Aid to the target people but due the corruption situation, most of Aid funds disappear in the pockets of the officials. Further to these factors, SIDA as a foreign development agency is faced with the complex sovereignty problem in Kenya consequently she cannot always control its projects completely as the projects are jointly implemented by Kenya and SIDA then in the long run the ownership is transferred to the Kenyan government. This kind of 'hands off' on governance from SIDA predispose the donor projects into the hands of those who have conflict of interest therefore accountability and responsibility becomes an issue. The Kenyan officials in this case get a leeway justification to interfering with the projects.

According to Kenya's national Anti-Corruption Plan, issued by Kenya Anti-Corruption Commission, the causes of corruption are poor governance. Whereas Poor governance is caused by the following (see, Kenya's national Anti-Corruption Plan)

- Weak government institutions.
- Lack of capacity to manage the country.
- Poor law enforcement and Political patronage.

Other contributable factors include: Poor planning, Mentality of not taking care of public assets, Poverty, unemployment and Lack of public awareness (Kenya's national Anti-Corruption Plan).

The consequences of corruption could be summarized,

- The disintegration and distortion of overall social discipline.
- Political decision and implementation are impeded.
- Respects for laws are decreased and the whole nation's security is endangered.

Kenya recognizes corruption as one of the serious challenges facing the country. It therefore formed an agency called Kenya Anti-Corruption Commission which is mandated to combat and prevent corruption in Kenya through enforcement of the law, educating the public and providing preventive services through promotion of good practices to seal opportunities and

loop holes that facilitate corruption (Kenya anti-corruption commission), but this commission does not seem to achieve much in the final end and not so much change has been seen.

In this study, we realized that during the year 2006/7 the Commission received 8,188 complaints of corruption, reports and other matters from the public, public service, and watchdog agencies, as compared to 7,888 in the previous year. This was reflected as an increase of 300 reports more (Ibid). The dilemma is that if the corruption in Kenya is so enormously high and difficult to eradicate then Aid cooperation does not seem to be in safe hands either. Even Aid agencies themselves could be in direct or indirectly involved in the deals. The scenario of corruption then becomes a complex problem for donors as well as Kenya. After allegations of corruption of the Kenyan government, a group of western donor governments including Sweden has issued a statement published in Kenya new era "Development partners cannot be expected to put their taxpayers' funds at the service of Kenya if the country's own Treasury and public resources are being tapped for private gain" (Oluoch 2004)

According the Swedish National Audit Office report in 2007, the office audited among other, four projects in Kenya, it was realized that two of them had false documents. Three projects did not follow SIDA's outlined procedures and three of the four projects had not fixed assets register (oegentligheter inom bistånd, 2007, p.48). This shows the extent of corruption and mismanagement that is taking place in Kenya. The report shows that one of the projects was given to a church and then was changed and contracted to a construction contractor to build roofs and dig wells in some parts of Kenya. In the auditing, the contractor was asked to provide pictures and other details of the construction, but the auditing committee realized that the initial agreements data and the once submitted by the contractor was totally different as the pictures were taken from private owned houses and not schools (Ibid p.48)

7.3 Lack of good governance

One of the main reasons why Kenya has not yet succeeded in managing the Aid projects effectively is due to poor governance. According to Pierre and Peters (2000 p.23), governance relates to the process through which a government seeks to proactively 'steer' the economy and in either of these manifestation, governance is still being considered in a dynamic way, as it sought to understand the way Actors in public and private does control economic operations and produce desired outcome.

Good governance thus relates to economic development and improves productive capacities, enhance economic growth, and reduce poverty. When we discuss the poor governance factor and mismanagement, we hereby mean mismanagement when officials administer the Aid funds and projects in a wrong way. The causes of mismanagement could be the centralized system of administration, which makes the government more powerful and deprives the society the competence it may have. This creates a big gap between the society and the ruling elite and leads into exclusion, marginalization and demands for political openness and accountability in public office. When there is bad governance, Aid and public funds could be vulnerable to the systematic misappropriation and embezzlement (Cooksey 2003, p.2). In some countries like Kenya, the view is that it may be difficult for Aid agencies to effectively monitor Aid operations as a consequently they may not be in a position to take any serious action or bear responsibility of possible corruption, including the own misuse of their own program or project funds.

Good governance is a process of decision-making and a process of implementing the decisions (UNSCAP, What is good governance?). As illustrates by the diagram below, good governance consists of eight pillars, namely Accountable, transparent, responsive, Equitable and Inclusive, Effective and Efficient, rule of law, Participatory, and Consensus oriented.



Figure : Characteristics of good governance, Source: UNSCAP, What is good governance?

These characteristics are what Kenya governance system lacks in one way or the other. That is one of the reasons why Kenya is not taking advantage of the available capital and knowledge in the form of natural resources or Aid flows and therefore good governance is a necessary and a pre requisite condition for enhancing effective Aid.

8. Democratic Governance project as an example

Sweden through SIDA has various ongoing projects in Kenya, we therefore have chosen one project that SIDA funds and we are interested in studying it because we find it related to most of the institutional problems that Kenya has and is still having problems to address. For example democratization which is one of the key goals of SIDA (see, What does SIDA do in Kenya). We will therefore attempt to give some information about the Swedish Aid for democratization and capacity building in Kenya. The Swedish support includes contributions towards:

1. Democratic reforms
2. The Promotion of human rights
3. Greater legal security for the poor and the women
4. The promotion of a democratic culture and education

According to the Swedish country's strategy for development and cooperation for Kenya for the period 2004-2008, we realized that one of the overall objective Goals of Sweden's development cooperation with Kenya is to promote No. 1 and 2 of the aforementioned four points. Sweden supports a democratic governance project called "Governance, Justice, Law and Order Sector (GJLOS), the project is Co-coordinated through the Ministry of Justice and Constitutional Affairs in Kenya. The project's aims is to improve the quality of life for Kenyans especially the poor, marginalized, and vulnerable groups meanwhile taking into account the issues of governance, access to justice, and promotion for the rule of law. This project is a multi-sectoral programme and is currently being implemented in over 30 Government Institutions in Kenya (see, Governance, Justice, Law and Order Sector homepage), and is intended with reforms in the following areas

1. Governance, ethics and integrity, including the fight against corruption;
2. Improving respect for human rights in government institutions
3. Enhancing access to justice, particularly for the poor and marginalized groups.
4. Crime prevention, police reforms and penal reforms (particularly decongestion of prisons),
5. Strengthening public prosecutions and legal services available to the public; and
6. Reformist-led capacity building with a focus on attitude and culture change

This support includes implementation through Democracy reforms, security for the poor people mainly women and children. Promotion of democratic culture including provision of education of social issue is also another Aid that SIDA provide. This kind of funding includes human rights in relation to residents of those living in the slum areas outside Nairobi. According the ministry of finance in Kenya, external resources department, the budget allocated by SIDA for this project in 2006/07 was 400 Million Kenya shillings (Kenya: Ministry of Finance)

Results and analysis of the project showed that there was an improved coordination among the participating institutions. This brought about the development of a Policy Paper framework for the capacity building sector, meanwhile a stake holder forum was held with an

aim of an actionable framework, set and adopted that involves actions for improving the results, monitoring and evaluating, improving policy discussions, and cooperation, coordination, integration of GJLOS into government systems and merging the government structures together with external structures (Governance, Justice, Law and Order Sector, homepage).

Here the Ministry of Justice and SIDA together with a number of other donor groups settled on a transition process to progress towards implementation through government structures. “GJLOS hopes that every Kenyan will receive better services from the participating institutions while ensuring that those institutions are better capacitated to deliver quality services” (Ibid).

Through reforms and capacity building education, individuals and government agencies are expected to expand their abilities in order to fully participate in the administrative, legal and economic development processes (Ibid). These developments are expected finally to raise the possibility of the Kenyan government to take advantage of the institutional development. Then Aid projects in line with other non-Aid productive capacities will enhance the countries’ opportunities to sustainable growth.

9. Empirical Analyses

In this section, we will merge the empirical findings together with the data analysis, theories and literature review. We will present the response that we received from Mr. Jemt, coordinator for Kenya and Uganda. This segment will present the response in relation to donor funding, why SIDA funded projects fail to meet its intended goals and the view of SIDA on the latest crisis in Kenya. It will also highlight some of the emerging themes that we had noted down during the interview.

The steps we took when we noted down the response from Mr. Jemt was to highlight the emergence on the response and tried to relate them to our research questions and trying to link them with the information on the earlier literature we had written about SIDA. Many common words kept on emerging and being repeated therefore we had to note down all the frequent words and both of us found out that we had noted and identified similar notes and same words that become our key words.

In most cases, no consensus exists on the way analysis in the form of qualitative data could be done but it was useful for our study to explore some features exposed by other authors (Bodgan & Biklen, 1992, Huberman & Miles, 1994) who recommend that a general review of many information in the form of jotting notes or texts, field notes, interview transcripts. From the questions we asked, we sketched the ideas from the response at the same time we tried to synthesize the feedback that we got from the ideas we had. These were derived through the response Mr Jemt made as he was narrating and explaining issues to our questions. We then tried to relate and relay the data to the analytical frame work of the literature we had used at the beginning of this study.

9.1 Kenya's current situation and Swedish humanitarian assistance

On 7th May at 14.00, we begun by asking Mr. Jemt to tell us about his experience working in Kenya. Mr. jemt started his discussion to talk about Kenya's situation

...It has been very challenging to work in a country that is considered as the gateway to East Africa region and it is also one of the countries that most development partners are focusing on in terms of development, trade and investment. However, there are many challenges facing our donor funding as you know what recently happened in the country was unexpected, I recently came from Eldoret which is the town that highly experienced the violent and turmoil of post election violence. I was monitoring the relief programs for the displaced people(Jemt 2008)

In this context, Mr. Jemt was referring to the violent and volatile situation that came as a result of the contested presidential election which resulted in human deaths, displacement and eventually led to suspension of donor funding to Kenya. SIDA is currently addressing the humanitarian needs after the violence and “provides 2.5 million SEK to UNICEF, 3 million SEK to UNHCR and 1 million SEK to OCHA for the agencies interventions included in the Emergency Humanitarian Response Plan 2008” (Kenya: Emergency Humanitarian Response Plan)

His view could be interpreted that the lack of democracy in Kenya has turned the country into a violence conflict and has weaken the government institutions to tackle the problem. In this case, the institutional theory model could be applied as it defines the humanly devised

constraints that shape human interaction. In reference to SIDA, we could apply this theory to relate to the weak institutions that SIDA attempts to empower and finance seem not to be achieving the goals instead are faced with constraints as they are humanly devised means (Sjöquist, 2000).

Why did SIDA join other development partners not to conduct business as usual with Kenya until the unfolding situation had been resolved.

...It is no longer business as usual with Kenya instead it is a wait and see situation. We are waiting for changes and we are following the unfolding situations, we have made decided to freeze most of the aid we have been giving. The civil society and NGO's are currently lobbying for reforms, this is espouse in democracy, good governance, less corruption and we must see genuine change before we begin to do business again. This is in tandem with the protocol of other donor funding. The investigation commission that has been set called 'the Kriegler commission' is what we are waiting to give us the full report and recommendation concerning the violence and the causes that rocked the country before we resume our role...(Jemt 2008)

The response indicates that even currently, SIDA is not giving its entire donor funding to Kenya apart from selected projects or programs that they consider are humanitarian. This is evidently described in the first interview with Mr. Jemt where he responded that he had been to Kenya to monitor the humanitarian Aid projects in Kenya. Moreover, the emergence here are that Aid is tied to some conditions as mentioned by the interviewee. Kriegler commission was set by former UN general secretary Koffi Annan whose aim was to mediate and settle on power sharing agreement on the controversial presidential election between the government and the main opposition party in Kenya. It was also to investigate democracy matters and come up with a recommendation report that could be given to the European Union and other developing partners (<http://news.bbc.co.uk/2/hi/africa/7296557.stm>)

The SIDA official was explaining that they are in solidarity and following other donor funding communities protocol when it comes to the commission of Kriegler

9.2 Governmental institutions

Mr. Jemt, noted

We recognize the role played by government institutions in regard to stability and development, and we pay a special attention to contribute an effective institutional development, we are currently organizing seminars, training, and special projects to promote institutions, these projects are entitled for parliament members, public prosecutors, lawyers, public officials, police and prison officers, we do the same for the local communities and authorities in Kenya. The weak institutions have now worsened the situation as there were not accountable or transparent in being accountable for the problems that were facing the Kenyan society yet, one of the goals of SIDA funding is disbursed to institutions that practice democracy.....(Jemt 2008)

We hereby comment that capacity development from SIDA, It needs more than funding but also the ability of Kenya as a developing country to absorb the available physical and social capital which could be described by the theory of absorption capacity. This theory involves the assimilation and invention of technologies (Kumar 2005). SIDA did not seem to have the

ability to monitor the funds therefore she has opted to divert more attention of her funding to specific and special sectors where they have special competence. As argued by North (1990) Capacity building to the actors is necessary for effective institutions as part of development effort. When North (1992) commented the standard failures of developing countries, he commented, “What went wrong with the failures and more urgently why it is so hard to make it right? An explanation entails some analysis of the institutional requirements necessary to capture the productivity implications of modern technology” (North, 1992, P. 4). All these indicates that aid is not only so provide money, in a country where institutions capacity is weak can not absorb the knowledge and capital given to him, and therefore what is needed is to develop capacities first. Otherwise any aid or even loan given to such a country will be eventually wasted.

9.3 Sustainability of Aid Projects

We asked the SIDA official about the fact that SIDA is not making proper planning in order projects to be sustainable and long lasting, his answer was that:

...before we have been doing a lot of different operations in too many countries that has caused many problems. We were unable to be in full control of all operations at once, but the new strategy is that we shall have fewer programs and fewer countries and we shall concentrate on special sectors on which Sweden has special competence. This will enhance accountability, transparency and more coordination. (Jemt, 2008).

In this context Mr Jemt`s view was that there have been failures in controlling the programs especially in the host countries. The reality is that there have been difficulties in Aid flow to the recipient. As the problems had been identified even decades ago, this is discussed by Storette (1971, p.3) where he criticize SIDA`s methods and techniques as not systematized....that project are planned or carried out on an ad hoc basis. This indicates the inability to sustain evaluating and accountability. It is possible that accounting for expenditures in the projects could also pose a problem to SIDA because monitoring and evaluating operations in many countries could be problematic as Mr. Jemt had explained that they have currently reduced their funding to some countries and to some extent, withdrew completely. In this context we draw a conclusion that SIDA had a problem to making a rational planning for Kenya and that is part of the aid projects failure, because bad planning results bad results. There is an argument saying that, poverty preoccupies aid agencies agenda, and aid agencies just try to minimize poverty by attacking poverty consequences and not poverty causes and this scenario leads continuation of aid and poverty.

...in an effort to make development Aid successful, we concentrate now on poverty reduction projects and pro poor programs, We view democracy, human rights, corruption, poverty eradication, governance, justice as the centre of our operations in Kenya but as you know, all these aspects are founded under the umbrella of democracy. Where there is representation and the people have a voice then there is democracy. This means that they can question things that they feel are not transparent. But this is not the case in Kenya, actually these are some of the reasons we set condition to funding....

The reflection we got from the response is that SIDA`s funding is conditional. This shows that the answer supports the research question on the failure of projects. SIDA as an Aid agency has conditions. The funding is not disbursed unless the set conditions are met, democracy is one of the central conditions in relation to funding. By looking at the theory of

Söderbaum (2000a), it emphasizes the involvement of actors and taking their multidimensional approach in decision making including business companies, broad stakeholders, local communities, NGOs, public interest groups and governments require to apply positional analysis which consists of comprehensive, adaptive, integrative, multi-scale, pluralistic approach when it comes decision-making, planning and democracy (Söderbaum, P. 2000). This is not what the Kenyan government seems to have applied and since this is not done, then project funded under SIDA are not likely to meet the expected goals. There is no participation and no representation therefore it gets difficult to harmonize the projects because it is one sided, like a one way traffic.

In relation to why Aid from SIDA does not reach its intended goals, Jemt's answer meant that Aid had not reached its intended beneficiaries due to lack of democracy and local contribution hence. The other aid failure factor is widespread corruption in Kenya. Richards (2006) aid obstacles standards indicate that most aid relations create what he calls "rent-seeking elite" which he meant corrupted officials often try to take advantage of aid flows.

The theory of absorption capacity is viewed as epitomizing on how organizations acquire and use external knowledge and capital as a process of development as described by Kumar (2005). This concept is tantamount to SIDA as a donor organization using her capital in terms of funding and blend it with the knowledge then they tie conditions with it however, SIDA on the other hand is not creating an environment that is conducive for investment when they tie their aid to some stringent conditions hence the funds do not reach the target.

9.4 Democracy

We had asked Mr. Jemt what the major Aid policy goals that Sweden has and how are they prioritized.

...Our policies are to enhance and empower through democracy and reduce poverty, promote human rights, eradicate social inequalities and discrimination. Remember we do it with other partners. We do not do things alone these days like before. The policies are jointly formulated and the Kenya government has to verify the expenditures. We are serious about this...(Jemt 2008)

The response here indicates the main objective goals of SIDA. It also portrays that SIDA's policies are done together with other donor Aid countries at the same time, the expenditures have to be verified by the Kenyan government. The word Democracy keeps on appearing and repeated during the interview. This is an indication that, as we had mentioned in the previous text that the gap between the rich and the poor are so wide yet SIDA is striving to reduce social inequality through pro poor economic growth and poverty eradication projects but this could only be achieved when there is a democratic space thus participation and representation

In relation to poverty eradication, which is one of the major goals for SIDA, the response was that there is no major improvement in poverty eradication reason being no democracy or if any, then it is not objective. Corruption has become the order of the day while many people are poor. There is no proper justice system yet SIDA has been giving money for justice projects. These are some of the areas where SIDA had frozen funds. Kenyans are so unequal yet our goals are to enhance social equality. Mr Jemt continued to state that SIDA had proposes democracy and proper governance and government structure that are transparent. He continued to describe that democracy means a lot to SIDA because an environment that has

proper political freedom gives the society power and strength to work and utilizes the funds effectively but when the funding is in the hands of any corrupt government then tension begins and this is now what is seen in Kenya.

What is emerging from the study here is that corruption is a major hamper to development in Kenya. Moreover, the response confirms the theoretical concept of democracy. Moreover, it could be seen that the non democratic situation in Kenya, as mentioned by Mr. Jemt has become international problem because it is also affecting the entire citizen and subjecting them to unwarranted poverty.

9.5 Aid harmonization

Mr Jemt continued to explain the importance of development partners and their protocols.

... Oh very important. We consult, talk, and sign agreement with development partners. For example we currently and strongly follow the Paris Declaration which has all the clauses and conditions for funding set by donor communities..... the Embassy has political department that deals with the political situation in Kenya and forms dialogue with the government and donors. We are not alone in the development issues, we collaborate with other like minded countries for example UK, Denmark, Holland etc. We apply the Paris declaration principles for aid effectiveness and harmonization of Aid but we have had problems from Kenyan ministries especially on the expenditure of the finance. The Swedish ministry of foreign affairs is also another aid actor, the ministry makes the general guidelines of aid policies and we collaborate through dialogue. The operation are having clear cut procurers that are dully followed (Jemt, interview 2008)

This is evident that SIDA considers other development partners as playing very crucial role in aid effectiveness. When it comes the implementation of millennium development goals SIDA interactively work with UN agencies, EU, and development banks. This kind of system leads us to revisit the theory of Söderbaum (2000) on his idea about interactions within the institutions and between the actors. He presents his theory as a power game between actors of different interests. In relation to Kenya and SIDA, it could be said that all these many actors have power game yet they both have similar interest which is meeting the goals to enhance poverty eradication. Involvement in decision making from the Kenyan institutions may not be as objective as SIDA's goals depict and since there is less representation of the local communities and broad stakeholders, the goals could be poorly achieved.

The argument of Richards (2006), present a concept which could be viewed as standard obstacles that hinder Aid effectiveness. He explains the lack of information from the donors agencies often possess an entirely inadequate understanding of political dynamics in the host country, and consequently propose inherently inefficient Aid programs. In our study, SIDA could be described as a donor having inadequate understanding of the political dynamics of the host country hence they propose in efficient Aid programs instead of prioritizing what would be considered best for a country. On the other hand, SIDA is not well conversant with the mechanism of corruption in Kenya yet she continues to disburse funds generously.

According to Mr. Jemt, on the issue on the importance of Actors and Partners in Development, he explains that they are very important as SIDA cannot operate alone. Effective operation requires a united partnership and they have a voice in echoing any problems for funding especially when the goals are not met, when there is corruption,

mismanagement of funds. He explains that when they work together with Denmark, Norway and other development partners, then they can deliver strong message and make demands for reforms and effectiveness. According to Richards (2006) general aid obstacles, there is what is called aid fungibility, that means when a donor concentrates a particular area the host-government may divert investments of that particular area into other nonproductive area, say buying luxury cars or defense, this is a new phenomena which aid actors usually play with. That is one of the reasons the Paris declaration for aid harmonization was created.

9.6 Planning, Evaluating and monitoring Aid projects

Another response that was linked to our interview questions was concerning the methods used for planning and evaluating funds and projects. Here we wanted to establish whether the method used could be leading to aids failure to meets its goal. We wanted to establish whether the consultants or external evaluators are used. We realized from the interview that SIDA use monitoring evaluation mechanism which is called Logical Frame Work Approach (LFA) that assist in gauging the projects viability, accountability, feasibility.

...We have strong planning, monitoring and evaluation system but this does not mean we do not have loopholes. All the evaluation must be backed by SIDA's field office coordinators and SIDAs office at the Swedish embassy. We have a well established routine for evaluating the projects that we finance. We do in the depth risk assessment process and even check the validity of the projects... (Interview with Mr. Jemt 2008)

The concept from the response here is that there are identifiable patterns that begin to emerge that Project and Aid evaluations are comprehensively and extensively scrutinized before project funding is done. Mr. Jemt continued to say that SIDA has his mechanism for operation that is responsible for discussing the political situation in a country. However Mr. Jemt admits that there have been loopholes and weakness in some areas. This could mean that the loopholes could also be a contributor to the failure of Aids to meet its intended projects.

We also asked Mr Jemt about SIDA, that she had been evaluated by the Swedish National Audit Office (Riksrevisionen) and they found some examples where projects were mismanaged, we therefore questioned Mr. Jemt on these issues.

...These allegations were some kind of misunderstanding, it was not SIDA that was involved but it was other organizations through a church. SIDA was just jointly giving in some funding but you see, the press, the media, they tend to misinterpret things..

From this response, it could mean that to some extent, SIDA had been questioned; there were some issues that seemed to be going wrong in the line of mismanagement. As mentioned in chapter 8, the Swedish auditing office report revealed that the four projects they audited in Kenya, majority of them had irregularities. Cooksey (2003) has performed several studies on Aid and corruption, he argues that “donors are under pressure to move money and protect...their budgets, even if it means turning a blind eye to corruption and systematic failure” (Cooksey 2003, P.10).

The SIDA official continued to explain that there have been mistakes thus they have made changes and set some stringent condition for funding, and even pulled out, follow International protocols for example Paris Declaration.

...We have learnt our mistakes and this is the reason why we have now tightened our conditions for funding. We concentrate much on the poorest countries, and the most poverty communities. In fact we have now pulled out from so many countries that do not meet the set conditions. We are also following the Paris declaration and funding has to have the blessings from our donor partners....(Jemt 2008)

From the response, Jemt explained that SIDA no longer fund alone like in the past but has changed the strategy and is now cooperating with many partners. He states that this is done to give room for extensive evaluation, research feasibility study since there are various combined forces. Again, he mentioned that are emphatically on conditions for funding to be met, that is the reason why it is not business as usual with Kenya. Corruption must go and funding must be directed to the right targeted projects.

..We are also running the programs in conjunction with the projects in line with other partners protocol, in order to maximize the benefits of the Aid. These are long term proposals we have made and will enhance efficient, transparent and proper focus for SIDA.(Jemt 2008)

The response here indicate that SIDA funds together with other partners and due to corruption and lack of transparency, that they have found in Kenya, they have decided to run the programs jointly with the projects as a start. This is proves that it s more manageable to begin with programs and progressively assess it and take it to projects stage. This decision to run projects with programs is still tied to the uneventful nature of the problems of transparency in terms of funding. The view is that SIDA could find it easier to manage programs and assess accountability first before jumping into long term projects as they have learnt the problems and mistakes related to it.

Cracknel (2002), quoted the development assistance committee (DAC) of OECD (1989) seven points as a condition for aid projects sustainability (P.246)

1. Host government's support for the project
2. local managerial ability
3. Suitable techniques for the recipient's level
4. Broad consultations must be conducted with the expected beneficiaries,
5. Identify risks in advance
6. Women should be given a greater role from the beginning
7. The project must be compatible with the environment

We understood that the SIDA official had considerations for the above conditions when he was commenting on maximizing the benefits of their Aid projects, but the question here could be how the agency can transform the ideas into action

10 Discussion and Recommendation.

This section offers a discussion on the findings of our research and also the recommendation. The section gives an overview of our research findings and explains some of the major reason why Aid from SIDA does not reach its intended goals. It also explains how the study has come to see the ongoing problems in SIDA and how they can do better by aligning with the best practice. Our specific focus here is on corruption, democracy, governance, mismanagement and weak institutions.

10.1 Discussion.

The study used different theories in relation to development Aid for example the Absorptive Capacity theory, This theory argues that the capacity of the nation to absorb Aid funds and technical assistance relies on the her ability to absorb the internal or external capital or knowledge. According the theory in application to Kenya, the country has the following developmental problems.

- The creation of investment environment for capital formation.
- The absorption of the available physical and social capital.
- Improving the factors of production

The country's ability to utilize the capital Aid effectively is proven to be weak in the last four decades. The weak institutions exist both at local and national levels but unless these institutions are improved, then any Aid given could be regarded as short-term consumption oriented project, as a consequence Aid projects cannot reach the intended goals as reducing poverty, economic growth, democratization and development, as mentioned in SIDA's mission statement.

The view here in our study is that if everything is done at the macro level, when most operations are concentrated and centralized at macro level then the grass roots recipient are very unlikely to achieve any positive or desirable amount of Aid to develop the projects, moreover, SIDA as a donor ought to go to micro level where majority of the society inhabit. In the study, we did not see any involvement at the micro level or representation of the civil society neither was there any interaction between SIDA and the poor rural people. Consultations and decisions seem to be made in government offices where the macro level ministries and ministers operate while the poor people who fit in the goals of SIDA are not involve.

For SIDA to attain remarkable goals, she ought to involve those local people living in the rural and urban areas instead of making consultation with the government officials whose interest are already questionable to an extent that corruption badge has been pegged on them. Recently Sweden had decided to re-evaluate her way of working with the projects which is a good step forward in enhancing achievable objectives for now. The crux of the matter that is puzzling is that SIDA had all along placed good policies but as been seen, it is another difficult problem to put policies into practice especially when SIDA is dealing with a government whose transparency has been highly doubted, and has been sanctioned not to receive further donor funding.

Sweden could do better by involving the stakeholders of Aid operations, these could mean involving the poor people, encouraging and empowering them to participate in decision making and even being listened as explained in the theory of Peter Söderbaum (2000).

As mentioned in our pre knowledge about donor funding in Kenya, there is evidence that the funds are not meeting its goals and this could be one of the major reasons why many Kenyans are languishing in poverty.

In relation to democracy, it is due to the politically instigated violence chaos in Kenya, coming as a result of lack of democracy that SIDA was as compelled to reconsider her donor funding strategies. The Kriegeler commission eventually came up to establish the causes of political problems, here we find that SIDA followed and recommended the commission as indicated during the interview with SIDA official but the dilemma is that if there were no post election violence, could SIDA have considered withholding or withdrawal of funds or was it going to be business as usual. The indication here is that Aid was being diverted somewhere else yet SIDA had been rather passive and had not raised any question concerning mismanagement until the latest unfolding events. Previously SIDA has been disbursing funds for the purpose of democratizing Institutions yet there were no proper utilization. The institutions have mismanaged the Aid nevertheless.

Using these findings, we feel that SIDA had no proper methods of evaluating how the Aid were being utilized and had inadequate mechanism of questioning or checking on the transparency of the projects. There was evident trust from SIDA yet the Kenyan government through the ministry of finance was enjoying embezzling of donor funding without being tracked or traced. It is however recommendable that SIDA is now following the Paris declaration that she could use to boost her operations. Again, Sweden has to set more strict conditions and avoid being none involve. The officials in the embassies should visit the local people, talk to them and find out what problems they experience instead of sitting on big conference halls, busy negotiating Aid with high profile government officials whose intentions are blurred and doubted by the public.

Democracy is paramount and one of the major overriding principles for SIDA'S donor funding. When this is practiced, the viable, conducive and practical environment for development gives in to positive development. In all these, democracy plays the vital role in development, poverty eradication, and promotion of human rights, proper legal system, participation and representation. Kenya has to take up democracy in order to achieve a higher economic growth. Social inequality could only be bridged when poverty is eradicated but poverty could only be eradicated when corruption is removed. Corruption could only be removed when the voice of the poor are heard. SIDA has to go along way in order to enhance all these aspects especially within the frame work of her responsibility in exercising control and work against corruption that is taking Kenya's development backward instead of forward.

In the study, we realized that SIDA has not been focusing so much on specific areas, yet she has been disbursing a lot of funds to projects. SIDA needs to change her numerous projects and concentrate on specific areas as was epitomized during the interview with the SIDA official, and this ought to be seen in practice. This should not just be a rhetoric talk in policy documents but should be done by action, engaging the right people and citizens.

The weak institutions at the local, regional and national levels does attribute to the reasons why Aid projects fail in Kenya. The institutional challenges exist in all levels, it is perceived that there exist general weakness of all institutions in Kenya, and the weak institutions affect not only Aid activities but all kinds of development work. When SIDA implement development projects, the projects may not long last, usually as soon as SIDA's financial and administrative involvement cease the projects have great risk to stop functioning, the main reason is lack of institutional capacity due to lack of absorptive capacity for the locals or

government representatives. The country has neither developed its own institutions effectiveness nor absorbs the external capacities and the direct result is general stagnation.

Söderbaum (2000), argues that more effective institutions could provide proper governance framework, facilitation, and harmonizing social cohesion. In order to achieve effective goals SIDA and Kenyan authorities locally and nationally must apply a holistic approach to development from social, economic, and political levels and all these approaches ought to involve proper dialogue with the right people.

North (1992) cited in Pernilla Sjöquist (2000) argues that better institutions contribute to effective investment in physical and social capital. North's argument concludes that "institutions are the underplaying determinants of nation's long-run economic development" on the other hand North defines organizations as "groups of individuals bound by some common purpose to achieve objectives". In this sense both Sweden and Kenya are bound and have common goals. It therefore requires the two to empower each other and assist in achieving the objectives, which could be done when the rules of the game in the policies, the institutions nationally and locally are followed procedurally.

In our interview questions, concerning SIDA being evaluated by The Swedish National Audit Office, it is an indication that there have been problems with SIDA funding although the SIDA official responded that it was not SIDA who was involved in the suspected corrupt deals but it was a church NGO organization. The view here shows that there was problem with SIDA, whether it came from the recipient side or from the donor, the fact is that there was mismanagement of funds meant for the projects. This reveals some of the reasons why the projects are not sustainable, the objectives and goals are not met. This is a clear indication that even the SIDA officials in Kenya are accountable for the mismanagement of projects funds as seen when documents are doctored or altered. This proves that someone is not doing his work seriously or someone knows what is going on but not doing enough to help. Or could it be that some officials are in the game, therefore are players of corrupt deals?

In summary, SIDA plays the crucial role as a development partner, The goals of SIDA are very objective and do positively impact on the needs of Kenyans. The problem is that beating corruption has become a major issue and SIDA has to improve her fight against the problems even if it means using strict conditions for funding and ought to work in practice and not just through mission statements.

The corruption phenomenon is wide spread in Kenya and is regarded as a chronic problem to Kenya's development efforts. It needs both SIDA the Kenyan government and the Kenyan civil society to fight it

SIDA seems to be faced with a nation's sovereignty independency issue for example; she has been passive in enforcing direct, open response to corruption problem in Kenya even when it is touching on her specific funded projects. SIDA does not own up on the projects either therefore SIDA is not on the ground to understand the dynamics facing the projects. Leaving a country to own and control projects funded by a donor funding is tantamount to failure. There is always vast interest in the donor funding and no one seem to understand or see how the funds have been utilized. One of the Paris declaration principles is ownership. In this case, the ownership must be given to the local beneficiaries, when the locals own the project then they contribute protecting the project, and it is this kind of ownership which can prolong the longevity of projects. The locals must include the poor rural people living in the villages.

In the beginning of this study, we mentioned that one of the students come from Kenya and has pre understanding knowledge about the Kenyan system. We realised through the interview that development Aid does not reach its recipient and moreover, her pre understanding confirms this issue, as she has lived and worked among the poor people in Kenya and attest to the fact that the phenomenon of poverty still exist due to the aforementioned problems despite enormous funding from SIDA. This proves that SIDA's funding is still not utilized in the right way. The Kenyan officials have no one watching over the projects therefore always interfere with the operations yet the intended recipient are left languishing in dire poverty. The consequences of corruption could be the overall social discipline collapses that predisposes lack of political decision and implementation, impeded respects for laws which are detriment to the whole nation's security and even endangers it.

Our understanding of the aims, objectives and goals of SIDA could be interpreted that the organization aims to operate on a political environment that is democratic and at the same time, SIDA's funding objectives focus more on development that is sustainable.

This is the reason in our view, why SIDA considers justice, equity, poverty as very important aspect in her development and funding. When such structures are not in operation then it is not possible to achieve a positive sustainable development or funding. It is therefore fundamental for SIDA to play the role of a donor at the same time an advisor to make her objectives and goals practical. This could enhance enormous results and eventually assist even other policy makers and donor communities in their next level of funding because SIDA would have set an example that could be followed en suit. And now it is time to give our recommendation

10.2 Recommendations

At this stage, we will present a summarized recommendations to Aid agencies especially SIDA and other related organizations that are involved in development Aid.

1. Most of aAid procedures should begin from the bottom, which means that SIDA must have field presence and good contact with the expected beneficiaries. The information gathered from the field must be the base of rational for planning of all SIDA's development project.
2. To strengthen local democratic institutions, by empowering the locals and indigenous peoples to actively contribute the decision-making which is concerning them.
3. Strengthening internal mechanisms within SIDA, to increase monitoring of the agency's functions, and make routine independent audits of the agencies operations
4. Minimum standards in good governance, democracy, and transparency and human rights records must be fulfilled by the recipient before approving Aid allocations except humanitarian Aid.
5. Conditional ties on democracy and promotion of human rights should be strengthened more. It has been realized that Aid funds plays a major role in democratization process in Africa and other least developing countries, so Sweden must not miss this chance and penalties and punitive measures to be taken when the conditions are not met. This idea would reduce less impunity that corrupt officials enjoy after embezzling donor funds from SIDA.

6. We strongly recommend application of Paris declaration for harmonization and Aid effectiveness because a collective stand could set strict conditions on undemocratic regimes.
7. SIDA ought to focus the solvable problems rather than doing many and scattered projects and programs that would eventually end with negative result.
8. We suggest that SIDA should specialize specific sectors and leave other sectors to other Aid agencies.

10.3 Conclusion

SIDA is doing a remarkable job by playing the active role of a development partner despite the major impediments she is faced with. SIDA is currently a member of the Paris Declaration Club and she also follows the Millennium development goals therefore she is actively playing the role of one of the most popular development partners in Kenya. SIDA as an Aid donor needs to restructure their funding when the country is governable and there is democracy.

It is unrealistic to expect a country and her agency that have controversial activities to be financed through Ministry of Finance, receiving direct funds yet the same government is in the red books, under question on funds embezzlement. SIDA through Kenya's civil society and other international donors should establish effective agencies to investigate the failures in her funded projects instead of leaving it to the same system of government judiciary. There are no examples where government agencies supported by the same government are expected to take serious steps and successfully investigate cases of grand corruption committed in their own, and by their own administration. Issues of conflict of interest arise rapidly in such cases. It requires an autonomous agency to tackle the problems that lead to the failure of SIDA projects, moreover, leaving budget expenditures to be processed by the same government that needs funding is not a trust criteria. The possibilities of inflated budget could be exaggerated therefore SIDA should consider using funding different modalities when disbursing funds to agencies as this would have positive outcome in ensuring autonomy.

It also requires the whole national integrity system adopted by SIDA through local Kenyan people and not by the government, and these locals should be mobilized and empowered to provide various protections against political interference with grand mismanagement of donor Aid. International agencies need to be created by SIDA, funded by donors to provide financial support on the projects but these should be run on short term basis. Long term projects end up in programmes therefore monitoring could prove difficult This idea could prove successful because it is the local citizens who feel the bite and pinch of poverty therefore when empowered, they would strive to make it attainable. At present, the rich do not care so much about accountability matters because most of the judiciary also belongs to the rich elite therefore prosecution of mismanagement may never come to pass.

Currently it does not look like Kenya has reached that level, no wonder SIDA is still withholding the funds and it is not doing "business as usual" but the problem here is that Kenyans are still dying of poverty.

10.4 Area for further research.

Research on understanding the methods of donor funding is needed because it will open the door for more mechanism of evaluation on the utility of funds and accountability .Our study had a short period, limited to five weeks therefore we were not able to elicit more representative and divergent views. We could have elicited more elaborate, and exploration of the failures of donor funding if we had also interviewed the locals' residents who are living within the poverty area in Kenya. We also needed to conduct interview especially from many SIDA officials who have had experience in working in Kenya as they would give their independent views based on their experience This would strengthen the donor communities and other development partners in gaining knowledge of the African system and governance specifically Kenya.

More studies need to be done as there have been very few empirical studies in the area of donor funding. More books and articles need to be written, many scientific theories are required. As we were studying, we were not able to get more specific theories on donor Aid specifically to Africa expect many general policies.

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12. Appendix:

12.1 Research Interview:

1. How is your experience in working with projects in Kenya?
2. What kinds of condition are tied or pegged to SIDA funding to Kenya?
3. What methods do you use in relation to Evaluation and accountability of your projects; do you use consultants or external evaluators?
4. How important are the Actors and Partners in Development to SIDA?
5. How did SIDA jointly agree with other development partners not to conduct business as usual with Kenya until the unfolding situation had been resolved?
6. How does SIDA tie democracy and human rights to funding?
7. What are the major aid policy goals that Sweden has and how are they prioritized?
8. How does SIDA select recipient countries for donor funding, What Criteria does it use?
9. To what extent does SIDA view viability of sustainability issues after projects come to an end?
10. SIDA had been evaluated by the Swedish Accounts Committee and they found some examples where projects were mismanaged, what is the view of SIDA in these findings?
11. Learning from previous failures and successes, what is the best way to improve better management of development Aid?
12. What are the major aid policy goals Sweden has and how different goals prioritized?
13. How are the programs run together with projects?

12.2 Basic facts for Kenya and Sweden

We present here below a table of basic facts for both Kenya and Sweden. The two countries have development cooperation and therefore their basic facts could be beneficial.

Facts	Kenya	Sweden
Population, total	35 598 952	9 024 040
Population growth (annual %)	3	0
Surface area (sq. km)	580 370	450 290
GDP (current US\$)	19 131 719 680	357 354 635 264
Foreign direct investment, net inflows (BoP, current US\$)	21 211 685	10 251 732 678
GDP growth (annual %)	6	3
GNI per capita, PPP (current international \$)	1 380	31 930
Official development assistance and official aid (current US\$)	767 080 000	..
Life expectancy at birth, total (years)	53	81
Mortality rate, under-5 (per 1,000)	120	4
Fertility rate, total (births per woman)	5	2
Electric power consumption (kWh per capita)	138	15 440
Agriculture, value added (% of GDP)	27	1
Energy use (kg of oil equivalent per capita)	484	5 782
External debt, total (DOD, current US\$)	6 428 291 000	..
Fixed line and mobile phone subscribers (per 100 people)	14	161
Inflation, GDP deflator (annual %)	6	1
Internet users (per 100 people)	3	76
Military expenditure (% of GDP)	2	2
Prevalence of HIV, total (% of population ages 15-49)	6	0
Short-term debt outstanding (DOD, current US\$)	499 170 000	..
Workers' remittances and compensation of employees, received (US\$)	805 000 000	372 000 000

Source: The World Bank group; World development indicators at: <http://ddp-ext.worldbank.org/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=135>