

November 3, 1997

Center for International Affairs	
No.	198/2040
Date	12 NOV 1997
Time	9:00
[Signature]	

cc: Embassy of Sweden, Bangkok

Suranee University of Technology  
Centre for International Affairs  
Att: Prof. Dr. Ruben C. Umaly  
111 University Avenue, Muang District  
Nakhon Ratchasima  
Thailand

Reference number

Your Ref.

**Re Contract-Financed Technical Cooperation through Sida -  
Institutional Linkage Program with Vietnam.**

Dear Dr. Umaly,

Thank you for your letter dated 16 September 1997, which has reached Sida through our embassy in Bangkok, in which you ask for Swedish support for implementation of the project proposal referred to above.

We regret to inform you that Sida will not finance the project as the size and character of the project is not in conformity with the concept of Contract Financed Technical Cooperation. Further, Vietnam is a major recipient of Swedish Development Cooperation under a bilateral Agreement between Sweden and Vietnam. As such Vietnam is not eligible for Contact Financed Technical Cooperation, except under special circumstances and channeled through the Embassy of Sweden in Hanoi.

We hope that you will manage to find other sources of technical and financial support.

Yours sincerely,

Swedish International Development Cooperation Agency

  
Anders Eriksson  
Programme Manager (ASEAN)  
Division for Contract Financed  
Technical Cooperation

*not  
18/11/97  
[initials]*

*18 NOV 1997*



EMBASSY OF SWEDEN  
BANGKOK

Bangkok, September 22, 1997

Assoc Prof Tavee Lertpanyavit  
Dean  
Inst of Industrial Technology  
Suranaree University  
Nakhon Ratchasima

Center for International Affairs	
No.	1618/2540
Date	26 SEP 1997
Time	16:25
[Signature]	

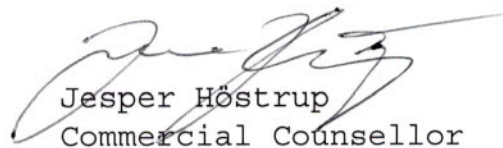
Dear Professor Tavee,

On behalf of the visiting delegation, please accept my sincere thanks for the kind hospitality extended to us on 15 September. All members of the delegation were very pleased with the opportunity to meet and discuss with you and your colleagues. Naturally, we were also impressed by your university's facilities.

Concerning possible areas of cooperation, I note that our Embassy just received a project proposal relating to institutional linkage (Vietnam) from Prof Dr Ruben C Umaly. We will forward it to relevant authorities in Sweden, although at this stage I cannot say anything about its possibilities.

I remain convinced that it would be beneficial to strive for a closer and more fruitful cooperation in a number of areas between Korat and Sweden, and look forward to future contacts.

Yours sincerely,

  
Jesper Höstrup  
Commercial Counsellor

*Handwritten notes:*  
1618/2540 CIA  
1618/2540  
[Signature]  
651112

*Handwritten note:*  
noted 29/9/97

Postal address  
P.O. Box 1324  
Nana Post Office  
BANGKOK 10112

Visiting Address  
20th Floor  
First Pacific Place  
140 Sukhumvit Rd  
(between soi 4 and 6)  
BANGKOK

Telephone  
(2) 254-4955

Telefax  
(2) 254-4914

Telex  
(86) 81174 SVENSK TH

Telegram  
SVENSK

Ref.No. 5136/ 412

16 September 1997

Ms. Chantana Rungtapnapa  
Commercial Officer  
Embassy of Sweden  
20th Floor  
First Pacific Place  
140 Sukhumvit Road  
Bangkok 10110

Tel: 02.254-4955

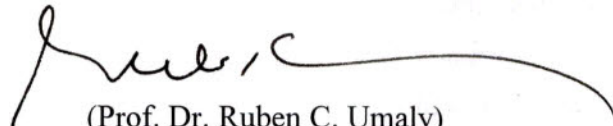
Fax: 02.254-4914

In pursuance of our dialogue during your visit to SUT, I am sending a copy of the project proposal regarding the linkage with the Hanoi University of Agriculture in Vietnam. As you would notice, it is the University of Queensland that we mentioned because it is the working partner of SEAMEO SEARCA of the Philipines.

Thus, we are still open to linkages with other universities and industries. We would be most grateful if SIDA could review the proposal and consider possibilities of collaboration. We would be most willing to modify the project proposal to include Swedish universities and industries if they deemed the proposal interesting and beneficial.

Thank you for your kind attention and consideration. It was my pleasure and honor meeting the Swedish delegation at SUT. We look forward to possible collaboration between SUT and Swedish institutions through SIDA and the Embassy.

Yours sincerely,



(Prof. Dr. Ruben C. Umaly)  
Director, Center for International Affairs

institutions Ensam VR Project 15/9



## **Swedish Assistance for Contract-Financed Technical Cooperation**

The goal of Sida's contract-financed technical cooperation is to promote development in low and middle income countries through the transfer of competitive Swedish know-how.

Sida decides each year on the countries in which programmes of contract-financed technical assistance may take place. The programmes are restricted to sectors in which Swedish competitiveness and expertise is strong, mainly the environment, energy, public administration, forestry, telecommunications, industry and transport.

Programmes of cooperation can refer to:

- Human resource development and institutional development.
- Introduction of new methods and systems.
- Preparation of data on which investment decisions can be based.

Support in these areas is given in the form of financing of studies, training and advisory inputs and study visits.

A project can, in brief, come into being and be implemented in the following way:

- A country requests Swedish know-how in a certain sector.
- The recipient country selects a Swedish partner with the aid of Sida.
- Sida examines the project proposal and the contract.
- Sida decides to finance the contract between the Swedish and the foreign partner who are jointly responsible for the implementation of the project.
- As the financier Sida has continuous contact with the partners during the course of the project as well as the responsibility for follow-up.

The time required for preparation of the project, i.e. between the receipt by Sida of the request from the recipient country and a decision being reached is between three and six months depending on the complexity of the project and, where applicable, the procurement of the Swedish partner.

### **Principles**

Approval of grants to projects under the contract-financed technical cooperation programme is conditional upon the ability of the recipient partner to clearly formulate his priorities and needs, to implement the project and to learn from the programme.

Sida also requires cost-sharing which means that the recipient partner is responsible for a considerable proportion of the costs, in the first place those incurred locally. The cost sharing principle is used to guarantee that the project has been given priority by the recipient country. It also guarantees the active participation of the recipient partner.

The Swedish resources which are used in the contract-financed technical cooperation programme are to be found in companies, universities and the public administration.

Each year the programme includes approximately 100 different Swedish partners. In order to attain high levels of quality and cost effectiveness, Sida tries to use competition when making procurements.

All project proposals shall contain an environment impact assessment and a description of possible gender equality aspects.

### **Time limits and clear objectives**

Each year Sida supports between 150 and 200 projects in some 30 countries under the contract-financed technical cooperation programme. The projects have clear objectives and time limits, usually 1-2 years, and normally cost in the range of SEK 0.5 to 4 million.

Sida also works with consultancy funds in investment banks and organisations

- The World Bank (IBRD)
- International Finance Corporation (IFC)
- Inter-American Development Bank (IDB)
- United Nations Office for Project Services (UNOPS)
- Food and Agriculture Organisation (FAO)
- African Development Bank (AFDB)

These funds make it possible for the banks to use Swedish expertise within the framework of their projects. The funds also make it easier for Swedish consultants to get to know the international organisations and to compete for contracts in the activities they run. Swedish consultants are chiefly engaged for sector studies, feasibility studies, and the supervision or evaluation of projects.

The contract-financed technical cooperation programme is administered at Sida by the Division for Contract-Financed Technical Cooperation, EKOSAM, in the Department for Infrastructure and Economic Cooperation, INEC.

*For further information on the countries in the programme and the programme officers responsible for projects, please contact tel +46 8 698 50 41.*

March 1997



The background of the cover features a series of parallel, diagonal grey bars of varying lengths and widths, creating a textured, architectural effect. The bars are set against a white background.

# **Contract Financed Technical Cooperation**

**November 1996**

**Department for Infrastructure and  
Economic Cooperation**



## CONTRACT-FINANCED TECHNICAL COOPERATION

Contract- Financed Technical Cooperation through Sida means transfer of knowledge and know-how and institutional strengthening for development purposes in specific countries. Activities included in this cooperation are:

- feasibility studies as a basis for decisions on policies, strategies and investments.
- development of new systems and methods.
- skills development.
- pilot and demonstration projects.
- training of trainers and similar forms of institution and capacity building activities.
- study visits, courses, seminars and similar training.

Sida's support for contract financed technical cooperation is based on:

- **requests** from countries concerned, indicating objectives, justification and terms of reference. (See further information in chapter "Basic principles for requests").
- **grant financing** of services and other inputs provided by the Swedish Consultant/Supplier for the benefit of a Client in the requesting country. (See further information in chapter "Sidas' role as a grant financing agency").

Implementation is based on:

- **project specific contracts** between on the one hand the Swedish partner selected by the requesting country on competitiveness in terms of approach and costs, and on the other hand the local cooperating partner. The cooperation is between the Swedish partner as Consultant or Supplier and the local partner as Client.

Sida operates on the principle of:

**cost-sharing**, whereby the Client is expected to meet at least local costs incurred during the course of the Sida contracted project. Sida covers foreign currency costs for services and related reimbursables and inputs. In some cases the Client may also be expected to meet part of the foreign currency costs. The Client or the requesting country is also expected to carry the responsibility for generating necessary investment financing in follow-up of services to a contract financed technical cooperation project. (See further information in chapter "The principle of cost-sharing").

### **SOME BASIC PRINCIPLES FOR REQUESTS**

A major aim of Sida's contract financed technical cooperation is the promotion of transfer of know-how, human resources development and institution building in strategic areas of development, where competitive Swedish competence is available to meet identified needs. Sida's contribution is provided on grant basis towards development purposes in low and middle income countries having reached a certain level of industrialization. Support from Sida to different projects is provided upon the basis of established action plans, country specific strategies or guidelines.

**Sida** acts as a financing agency, contributing towards foreign currency costs for inputs from Swedish competent parties in direct cooperation with a counterpart institution in the recipient country. Details of the inputs to be provided and conditions for implementation of identified activities are spelled out in a Project Specific Contract between the Swedish and local implementing partners. Sida itself does not enter into project agreements.

**Sida** acts upon requests from the country concerned. The requests may cover sectors or type of services where Sweden is considered to possess competitive knowledge and know-how, provided the project is of strategic importance to the development of the country. Particular preference is, however, given to sectors such as Energy, Telecommunications, Urban Development, Transport and Environmental protection. Specific agreements or strategies guiding the cooperation may exist for some countries.

Effective contract financed technical cooperation relies on clearly formulated objectives, both in terms of development priorities and specific aims of the individual project.

Sida therefore recommends that requests contain the following



information:

### **1. Objectives**

Contract financed technical cooperation inputs often refer to a limited part of a much broader development context within a specific sector. When assessing the relevance and effectiveness of such proposals, it is important to bear in mind both the development objective within the sector concerned and the specific objectives of the individual project.

### **2. Institutional framework**

Most contract financed technical cooperation projects relate to one recipient institution only, but often several institutions are indirectly concerned. It is important to know the roles and responsibilities of institutions / parties concerned as well as their interrelationship, to ensure effectiveness and viability of the projects.

### **3. Scope of services**

The scope of services shall be as clearly defined as possible. Often, however, the ultimate scope of work is the result of a dialogue between the Client and potential consultants. Alternative scope of work can be solicited by inviting more than one competent Swedish partner, through a tender process, to present their suggested approach on the basis of a request. The recipient will always make the selection of partner, but Sida can assist in the invitation of offers. In cases where the elaboration of a detailed scope of work in itself requires technical assistance, Sida may in some cases identify and finance independent consultancies for such services.

### **4. Special attention**

All proposals are expected to include an assessment of possible environmental impacts and how these will be handled. Any particular gender implication should also be mentioned.

### **5. Follow-up**

Contract financed technical cooperation projects constitute support to a development process, where consultant services and other inputs are intended to facilitate and render efficient follow-up activities by the recipient. Unless these activities are planned for, the contract financed technical cooperation risks becoming an isolated event without the long lasting impact it is envisaged to have. It is therefore important to know what follow-up measures the requesting country may have planned for.

## 6. Other related donor support

Information about other donor inputs for activities adjacent and complementary to the ones covered by requests addressed to Sida, as well as information about coordination mechanisms, constitutes important background for rendering contract financed technical cooperation efficient.

### Sida's ROLE AS GRANT FINANCING AGENCY

Within the contract financed technical cooperation, Sida finances foreign currency costs for:

- services for development purposes.
- inputs closely related to such services and of direct importance for their effectiveness.
- reimbursable costs such as international travel for Swedish expertise for fulfillment of their tasks.
- technological know-how when it can be justified that such inputs are financed on grant terms within a project.

In performing its role as **financing agency**, Sida assesses the relevance of costs offered by a Swedish partner designated by the requesting country, i.e Sida undertakes preliminary budget negotiations. The assessment is based on the competitiveness of the offered prices and is made against justification of the proposed inputs, time allocated for performing the tasks and the level of fees. Sida's over-riding principle is cost effectiveness in relation to the outputs to be produced within a project aiming at certain identified development objectives.

Sida's support to individual projects takes the form of a financial contribution in relation to a budget attached to the project specific contract between the implementing partners. Sida is not party to such contracts. (See information chapter "Project Specific Contracts"). The budget shall specify fees and reimbursable costs separately.

Payment of Sida's commitment is made on the basis of performances by the consultant according to a payment schedule being part of the project specific contract. Sida effectuates payment on behalf of the Client for services and inputs provided. The performances shall therefore be certified by the Client. The last payment for any project is made upon confirmation by the Client that the project has been successfully completed in accordance with the project contract.

In Sida's mode of operation the Client is deemed to have procured the services according to terms and conditions set out in the project



specific contract between the Client and the Consultant. Sida confirms its decision to the requesting country, the contracting party and the Swedish incumbent consultant. Any contract depending on Sida's financing will become effective only upon signature of the contract by the parties concerned (Client and Consultant) and confirmation by Sida on its contribution.

## PROJECT SPECIFIC CONTRACTS

Implementation of contract financed technical cooperation projects is based on specific contracts between the parties most directly concerned, namely on the one hand the Consultant or the supplier of services and know-how, and on the other hand the Client or the party demanding and making direct use of the project outputs. Such project **specific contracts** shall specify the terms and conditions on which the inputs are provided and the outputs produced in cooperation between the contracting parties.

The contract including appendixes shall:

- indicate the development objective/s within which the services / know-how are provided.
- specify the specific objectives and outputs / results to be achieved.
- specify scope of work in terms of activities to be performed.
- present and justify the inputs to be provided for implementing the scope of work.
- determine the obligations and liabilities of the contracting parties in fulfilling the tasks set forth in the contract.
- specify the reporting requirements.
- establish the costs, presented in an itemized budget for fees and reimbursable costs.
- establish a payment schedule for meeting international and local costs respectively (some local inputs will be identified in kind).

The contract is a mutually binding instrument guiding the relationship between Consultant and Client in fulfilling identified tasks. The project document / scope of work is part of the contract, often as an appendix.

Sida is not a party of the project implementation contracts. It is Sidas' experience that effectiveness in contract financed technical cooperation relies on clearly established roles and responsibilities between those parties most directly concerned with implementation of a project. The contracting party in the "cooperating / recipient country" is not necessarily the same party as the one requesting the support from Sida. (See further chapter "Basic principles for requests").

## THE PRINCIPLE OF COST-SHARING

In providing support for contract financed technical cooperation, Sida applies the principle of **cost-sharing** as a means of ensuring commitment by the Client for the project and its sustainability. The requesting country or the local implementing party is therefore expected, to the best of their ability, to meet at least costs incurred in local currency for the effective performance of requested services / know-how. In some middle-income countries and for most income generating projects cost-sharing in foreign currency is also applied.

Cost-sharing is part of the partnership relation, which is the basis for Sidas' contract financed technical cooperation.

- It allows for sustainability of outputs and impact of individual projects.
- It is also a means of effective management of resources available to Sida, aiming at the maximum amount of strategic inputs from Sweden in meeting needs identified by requesting parties.

Sida does not make any prior allocation for countries or sectors. Support through Sida is based on the merits of individual requests.

The contribution of Sida and the commitment of the requesting country shall be referred to in the project specific contract. Local costs obligation will also include contributions in kind by the requesting country, such as office facilities, local transport, accommodation for Swedish experts during service etc.

Within the principle of cost-sharing Sida furthermore wishes to have satisfactory evidence that studies and other preparations requested as a basis for development investments is accompanied by a commitment on behalf of the requesting party to take necessary measures for mobilising investment resources.

This is a means of ensuring that studies become active instruments in development undertakings of a country.