

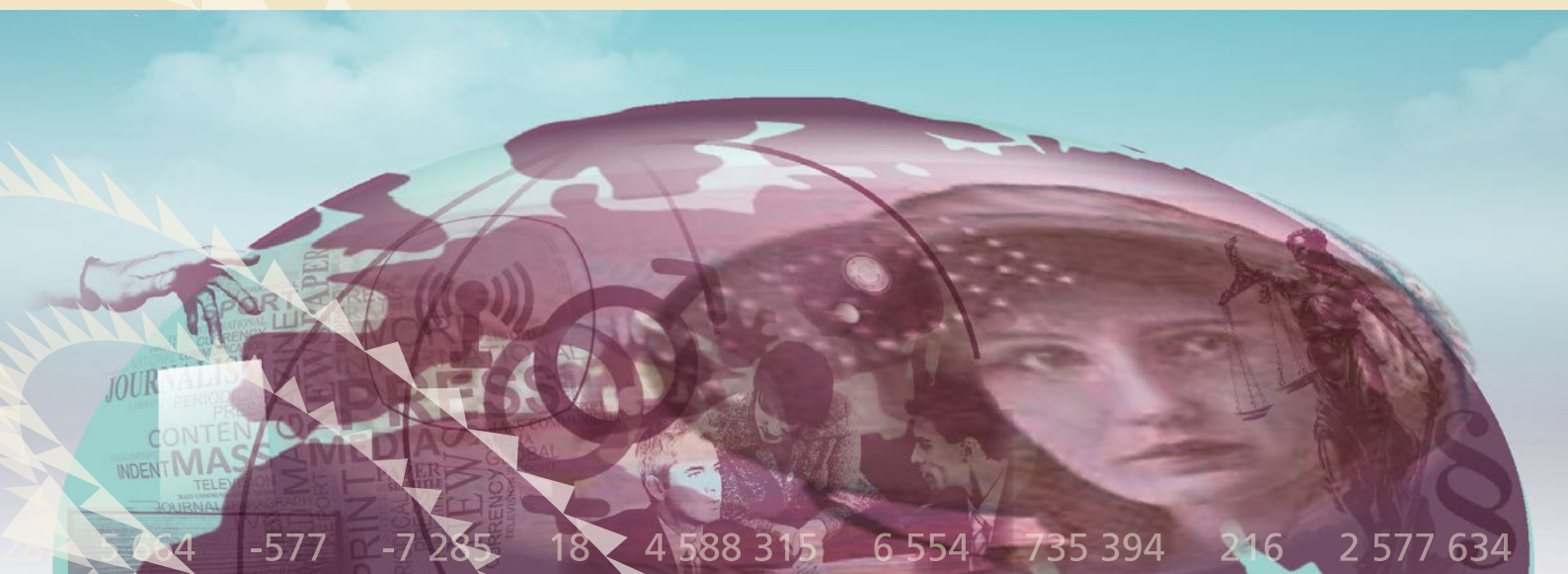


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Office of the Auditor General  
of Norway

### The Office of the Auditor General's investigation of development assistance for good governance and anti-corruption in selected partner countries

Document 3:9 (2014–2015)



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The Office of the Auditor  
General's investigation of  
development assistance for good  
governance and anti-corruption  
in selected partner countries

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Document 3:9 (2014–2015)



## To Stortinget (the parliament)

The Office of the Auditor General hereby submits Document 3:9 (2014–2015)  
*The Office of the Auditor General's investigation of development assistance for  
good governance and anti-corruption in selected partner countries.*

The Office of the Auditor General of Norway, 21 May 2015

For the Board of Auditors General

*Per-Kristian Foss*  
Auditor General



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**Fold-out: Background and objectives for the audit. Findings and recommendations.**





## Ministry of Foreign Affairs

### **The Office of the Auditor General's investigation of Norwegian development assistance for good governance and anti-corruption in selected partner countries**

Corruption and abuse of power prevent efficient use of national resources, hamper economic growth and contribute to unjust distribution of resources in society. Support for establishing and strengthening institutions and good governance is essential for promoting sustainable development in many poor countries. Good governance is also a prerequisite for effective utilisation of development assistance. Since the millennium, both good governance and combating corruption have therefore been among the highest priority areas for Norwegian development assistance, cf. Proposition No. 1 to the Storting (Norwegian parliament)/Proposition to the Storting 1 S for the Ministry of Foreign Affairs.

During the audit period from 2004 to 2014, NOK 26 billion was spent on such initiatives in the public sector and civil society. This represents approximately 10 per cent of total Norwegian development assistance.

The objective of the audit has been to assess the quality of the management of Norwegian development assistance for good governance and anti-corruption, and to assess the effectiveness and sustainability of governance projects supported by Norway. The projects' sustainability indicates whether the results continue after aid funding has been withdrawn. The audit includes a review of overall management and selected projects in four partner countries: Afghanistan, Bosnia and Herzegovina, Uganda and Zambia. Together, the four countries have received more than 10 per cent, NOK 2.74 billion, of all Norwegian development assistance for good governance in the period. The selected projects comprise a considerable part of Norwegian support for good governance in the four countries in the latter part of the period.

The audit is also based on the following decisions and intentions of the Storting:

- Recommendation No. 93 (2004–2005) to Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*
- Recommendation No. 269 (2008–2009) to Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*
- Recommendation to the Storting 61 S (2010–2011) to Meld. S. 17 (2010–2011) Report to the Storting (white paper) *Norway's engagement for stability and development in South East Europe*
- Recommendation No. 214 (2003–2004) to the Storting *Recommendation from the Standing Committee on Scrutiny and Constitutional Affairs on the Office of the Auditor General's review of the effectiveness of Norwegian development assistance to Mozambique, Document no. 3:6 (2003–2004).*
- Recommendation to the Storting 104 S (2011–2012) *Recommendation from the Standing Committee on Scrutiny and Constitutional Affairs on the Office of the Auditor General's investigation into result orientation in Norwegian development cooperation, Document no. 3:4 (2010–2011)*
- The budget recommendations to Proposition No. 1 to the Storting/Proposition to the Storting 1 S in the period 2004–2014

The report was submitted to the Ministry of Foreign Affairs in a letter dated 21 January 2015. The Ministry commented on the report in a letter dated 23 February 2015. The comments have largely been incorporated in the report and this document.

The report, the Board of Auditors General's cover letter to the Ministry dated 20 March 2015 and the Minister's reply dated 13 April 2015 are enclosed as appendices.

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## **1 Key findings**

- Development assistance for good governance and anti-corruption lacks strategic focus.
- The majority of the audited projects have poor effectiveness and weak sustainability.
- Poor planning weakens the orientation on results.
- Inadequate follow-up increases the risk of poor goal attainment.
- The weak system for assessing goal attainment provides little learning.

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## **2 The Office of the Auditor General's comments**

### **2.1 Development assistance for good governance and anti-corruption lacks strategic focus**

The Storting has found that there is a need for a long-term and strategic focus to achieve results in the governance area, cf. Recommendation No. 93 (2004–2005) to the Storting. Moreover, the Standing Committee on Foreign Affairs has pointed out that concentration is an established general principle of Norwegian development assistance. Spreading the assistance across too many geographic areas and countries can compromise quality and weaken results, cf. Recommendation No. 269 (2008–2009) to the Storting.

In 2014 alone, Norwegian assistance for good governance and anti-corruption was distributed to close to 100 countries and 1,750 individual projects.<sup>1</sup> Half of the aid classified as governance assistance goes to Norwegian NGOs, local organisations or international NGOs. While there may be good reasons for such priorities, it does not appear to be determined by a defined strategy.

The management dialogue documents between the Ministry of Foreign Affairs and the embassies provide little guidance for the work on good governance and anti-corruption. The two main exceptions are the signals from the Ministry to reduce the number of governance projects, and basing development assistance efforts on the United Nations Convention against Corruption. The governing documents that mention or discuss good governance only exceptionally make references to overall goals and strategies for this type of assistance.

The Office of the Auditor General (OAG) believes this indicates that Norwegian assistance for good governance and anti-corruption does not have a sufficiently strategic focus at an overall level. The process of concentrating aid on fewer projects and

<sup>1</sup> Norad's figures for 2013 show that governance assistance (DAC 151) was distributed among 97 countries and 1,720 individual projects. Recently published statistics from Norad show that the corresponding figures for 2014 were 94 countries and 1,750 individual projects.

countries outlined in Proposition to the Storting 1 S (2009–2010) has not produced significant results so far. The OAG believes that this weakens the effect of the development assistance.

The Ministry of Foreign Affairs has failed to adequately describe the key challenges relating to governance and corruption in the countries concerned. From the governance documents, it is also difficult to see the context in which the Norwegian-supported initiatives are to function.

The OAG therefore views it as positive that the Ministry of Foreign Affairs wishes to concentrate the assistance and work more closely with the priority countries, and that the Ministry is considering designing strategies for each country.

The OAG notes that there are good examples of concentration and a long-term perspective. The embassy in Zambia has reduced the number of governance projects significantly during the period and concentrated the assistance on areas where efforts are expected to yield the best results. Another example is the long-term support to key justice sector institutions in Bosnia and Herzegovina. Several of the justice projects show good effectiveness and are likely to be sustainable.

## **2.2 The majority of the audited projects show poor effectiveness and weak sustainability**

Only four of the 25 projects achieved their goals to a fairly high or high degree at the outcome level, the level which the Ministry considers the most important in assessing the projects' effectiveness. Twenty of the projects have largely failed to achieve the goals that were set for strengthening the institutions or organisations at which they are aimed, and their ability to achieve their goals or exercise their function.

Effectiveness is better at the lowest level (output level), where two thirds of the projects have a fairly high or high degree of effectiveness. This means that the projects have for the most part delivered the planned outputs, such as action plans, software, personnel training and information campaigns.

Effectiveness at the impact level is the weakest. Planned goals at this level are typically less corruption, strengthened rights and greater political participation. This also coincides with the Ministry's general assessment of the governance projects' effect at this level in the countries concerned.

In addition to effectiveness, another criterion for assessing aid is whether it is sustainable. The OECD Development Assistance Committee defines sustainable development assistance as follows: "the benefits of an activity are likely to continue after donor funding has been withdrawn." It is largely unclear whether this is the case for the selected projects. Of a total of 25 projects, 13 were assessed as having weak sustainability and eight are uncertain. The projects considered to have good sustainability are three justice projects in Bosnia and Herzegovina and one tax administration project in Zambia.

The project to support the state court/director-general of public prosecution in Bosnia and Herzegovina is perhaps the best example of good practice among these three, as the strategy has included phasing out international support in the final period of this project. The institutions are now funded through the regular fiscal budget in Bosnia and Herzegovina, and they operate exclusively with national personnel following a scheduled phase out of internationally appointed judges and prosecution experts.

### **2.3 Poor planning weakens the orientation on results**

The Storting has in various contexts emphasised that a results orientation and quality assurance must be vital elements of Norwegian development policy. As a donor, Norway has a responsibility to assess whether proposed projects meet basic quality requirements, are realistic and have clear and verifiable results measurements.

Sound planning of aid measures requires knowledge of national conditions, i.e. a good "contextual understanding" of the political, economic and legal conditions and processes in the recipient country, cf. Recommendation No. 269 (2008–2009) to the Storting. This is particularly important in planning assistance for good governance and anti-corruption since it affects the project's potential for success. The purpose of this assistance can be to achieve changes in political power structures and processes – changes that authorities in recipient countries often do not believe they will benefit from. It is also important that the projects are coordinated with other donors' projects, and that they are based on past experience.

Two-thirds of the 25 projects in the sample have weak contextual analyses. In the OAG's opinion, this weakens the realism and strategic focus of the projects. It also increases the risk of failure.

Another important element in planning is to ensure that the projects have a sound goal structure and clear criteria for effectiveness, i.e. that they have measurable objectives at the various stages of the results chain and have a good logical connection. Such frameworks contribute to transparency and clarity about what is to be achieved, making it far easier to assess effectiveness and progress in the project. Seventeen of the 25 projects meet these requirements to only a small extent. In the opinion of the OAG, this provides a poor basis for follow-up from Norwegian aid administration, and for achieving results.

There are individual examples that differ from this general tendency. The assistance for reforming public finance management in Uganda (FINMAP II) and the project to support the Zambian tax administration (ZRA) both have systematic and coherent results frameworks.

External appraisal of project proposals is also an important element of the quality assurance of programmes. Depending on the grant scheme, the Ministry of Foreign Affairs normally has a requirement that projects between NOK 15 and 50 million shall be appraised by Norad or other external expertise if the nature of the project makes this necessary or appropriate. All projects exceeding NOK 50 million must be appraised externally. The Ministry of Foreign Affairs has failed to submit proposals for relatively large and highly complex projects in Afghanistan to external appraisal and quality assurance.

As regards grant schemes covering countries including Bosnia and Herzegovina, the Ministry generally does not use appraisals from Norad or other professional bodies. This is in contrast to normal practice for major projects in other countries, with no professional justification for this special practice.

Development assistance in general and aid for good governance and anti-corruption in particular, have a significant risk of failure. Good risk assessments increase the chances of achieving results and are an important step in planning and assuring the quality of assistance measures. There are major weaknesses in the risk assessments of the projects in all countries in the audit. Of the 25 projects that were examined, 21 largely or completely failed to meet the requirements for identifying, assessing and

managing risk. In the OAG's opinion, the basis for achieving effectiveness is considerably weakened when so few projects satisfy the requirements.

#### **2.4 Inadequate follow-up increases the risk of poor goal attainment**

Good, timely reporting is important for the effectiveness of the projects. Pursuant to Report No. 35 (2003–2004) to the Storting, Norwegian aid administration is responsible for following up the grants that are awarded, and to report on the use of funds and development results where grants are given. Norway has a duty to react if the aid measure is not implemented in line with agreed plans or does not provide the expected results.

Only two of the 25 projects that were examined, submit reports so that the degree of goal attainment can be read directly from progress reports. The reporting for just over two-thirds of the projects contains little relevant results information. Reporting often consists of listing all activities carried out instead of the results that have been achieved. Another trait is that reports are written about goals other than what was agreed, making it difficult or impossible to track mentions of planned goals, or to assess whether the information is relevant.

The tax project in Zambia, however, represents very good reporting practices. Achieved results are compared clearly and systematically with what was planned. This provides a sound basis for assessing progress and identifying any implementation problems. This form of reporting facilitates more openness and transparency from the outside. This openness can in turn have a disciplinary effect on project execution and bolster the orientation towards the stated objectives.

In about half of the projects, the agreements – which define the obligations of the partners – do not require grant recipients to directly report on the goals stipulated in the agreement. Many of the agreements consequently do not safeguard the grant reporting requirements stipulated in the *Provisions on Financial Management in Central Government*.

The document analysis also shows that the Ministry of Foreign Affairs' responsible units, sections and embassies, and Norad, do not *themselves* assess project reports to any extent. For most projects, there is no or little documented assessment of progress and results. The most common feedback to the projects is that annual reports or final reports are received and formally accepted, even in cases where the reports do not meet agreed requirements. The Ministry also only exceptionally points out to grant recipients that reporting is inadequate and not in line with the requirements.

The OAG believes that such management practices weaken both the opportunity to verify results and the possibility of achieving the goals. It also increases the risk of fraud and irregularities.

#### **2.5 The weak system for assessing goal achievement provides little learning**

Report No. 35 (2003–2004) to the Storting states that learning is an important part of the quality assurance of development assistance work. In order to learn from experiences gained from the provision of development assistance for good governance and anti-corruption, it is important that the Ministry of Foreign Affairs document these experiences systematically through evaluations, and in the practical work of conducting its own assessments of goal attainment, cf. Report No. 13 (2008–2009) to the Storting.

In the evaluations that have been reviewed, the recommendations that have been given have two common features: increased use of political economy analysis and more

strategic approaches. The OAG notes that the strategy memorandum for the development cooperation with Zambia is in line with both of these recommendations. It is also positive that the Oil for Development (OfD) programme now puts major emphasis on political economy analysis as the basis for its cooperation agreements.

The Ministry, however, has no separate substantive, systematic and documented assessment of goal attainment for any of the projects in the sample that have been concluded. The OAG believes that this provides a poor basis for learning, experience transfer and improvement work with a view to more effective and results-oriented development assistance.

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### **3 The Office of the Auditor General's recommendations**

The OAG recommends that the Ministry of Foreign Affairs

- consider formulating a strategy based on key goals and instruments in the area
- strengthen its knowledge base for governance and anti-corruption assistance in the most important recipient countries, including political economy analyses
- improve its management practices to ensure a proper goal structure for the projects, clear criteria for confirming goal achievement, and better reporting by recipients in accordance with this
- strengthen the basis for its own learning by introducing a structured, systematic and documented assessment of goal attainment in individual projects, as several other countries and donors have done

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### **4 The Ministry's follow-up**

The Minister states that the report points to significant challenges in the system for planning and implementing development assistance for good governance and anti-corruption, and that it provides a useful starting point for learning and improvement.

The Minister notes the findings of the report stating that efforts to improve the governance area have not had a sufficiently strategic focus at an overall level, and that the work is characterised by weak contextual understanding. The Minister agrees that contextual understanding is important, and relates that contextual and power structure analyses will become routine in the continuing work of concentrating development assistance. The analyses will initially be prepared for the 12 focus countries. The Ministry will summarise the common strategic approach that underlies development assistance for various sub-sectors in good governance and anti-corruption. The Minister also notes that the recently submitted white paper on human rights in foreign and development policy, Meld. St. 10 (2014–2015), has priority areas that will be of importance for the Ministry's efforts to promote good governance and anti-corruption.

With respect to the effectiveness and sustainability of the projects, the Minister expressed that there are challenges in measuring results further out in the results chain, that the Ministry is continuously working on improvements, and that it is important to learn from success factors in projects with good sustainability.

The Minister refers to examples in the report of systematic and coherent results frameworks. It is a goal that all projects must have a solid goal structure and clear criteria for goal attainment, and stricter requirements are now being incorporated for quality assurance of projects being considered for support before a decision is made. The requirements will strengthen the ability to measure the results of the projects.

The Minister believes it is important that, as a donor, the Ministry does not take over project management, but also has objectives about which it is possible to report in order to verify whether the purpose of the grant is achieved. It is recognised that there is a need for increased capacity and expertise in grant management in the Ministry. Various training measures have been implemented in the Ministry centrally and at the embassies, and the methodology for risk assessment has been improved and made clearer in the grant management manual. Moreover, a section has been established for grant administration in part to ensure harmonisation in administration and contribute to the implementation of aid concentration.

The Ministry has also worked to revise the collection of contract templates to strengthen controls and follow-up of grants. The new templates – along with more stringent requirements for using them and stricter requirements for quality assuring draft agreements – will promote the stipulation of clear reporting requirements in agreements. Moreover, negotiations are being held with five or six UN agencies on revised framework agreements, including improved results reporting requirements scheduled for adoption in 2015. The Minister points out that the planned reduction of the number of agreements will also free up time for better follow-up of the projects.

The Minister sees the need to improve internal information sharing about results in projects to ensure learning about what works and what does not. The Ministry is in the process of assessing how this can be done as efficiently as possible. The suggestion that results information can be used to categorise the projects (scoring) will be considered in that connection.

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## **5 The Office of the Auditor General's closing comments**

The OAG has no further comments.

The case will be submitted to the Storting.

Adopted at the meeting of the Office of the Auditor General, 5 May 2015

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**Per-Kristian Foss**

**Eirin Faldet**

**Beate Heieren Hundhammer**

**Gunn Karin Gjøl**

**Arve Lønnum**

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**Björg Selås**





Annex 1

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## The Office of the Auditor General's letter to the Minister



MINISTRY OF FOREIGN AFFAIRS  
P.O. Box 8114 Dep  
0032 OSLO

**The Office of the Auditor General's investigation of development assistance for good governance and anti-corruption in selected partner countries**

Enclosed please find the draft Document 3:x (2014—2015) *The Office of the Auditor General's investigation of development assistance for good governance and anti-corruption in selected partner countries*.

The document is based on a report submitted to the Ministry of Foreign Affairs with our letter of 21 January 2015 and the Ministry's response dated 23 February 2015.

The Minister is requested to give an account of how the Ministry will follow up the Office of the Auditor General's comments and recommendations, and whether, if applicable, the Ministry disagrees with the Office of the Auditor General.

Please note that the final document will incorporate statistics for 2014 when by agreement with Norad they are available on 8 April 2015.

The Ministry's follow-up will be summarised in the final document submitted to the Storting. The Minister's entire response will be enclosed with the document.

The response deadline is 13 April 2015.

For the Board of Auditors General  
Per-Kristian Foss, sign.  
Per-Kristian Foss  
Auditor General

Enclosure:

Draft Document 3:x (2014—2015) *The Office of the Auditor General's investigation of development assistance for good governance and anti-corruptions*.



Annex 2

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## The Minister's response



The Office of the Auditor General of Norway  
P.O. Box 8130 Dep  
0032 Oslo

Deferred public access, cf.  
Section 5(2) of the Freedom of  
Information Act

Knut Aarhus

Your reference: 2013/02081-177

Our reference: 14/8392-

Date: 13 April 2015

**The Office of the Auditor General's performance audit of Norwegian development assistance for good governance and anti-corruption**

I refer to the Office of the Auditor General's letter dated 20 March and draft Document 3:x (2014-2015) *The Office of the Auditor General's investigation of Norwegian development assistance for good governance and anti-corruption in selected partner countries*.

The Office of the Auditor General (OAG) has invested extensive work in its investigation of Norwegian assistance for good governance and anti-corruption in the period 2004-2013. I would like to express the Ministry's satisfaction with the dialogue during the work on the report, including the handling of the Ministry's closing comments on the main analysis report.

The OAG's report identifies important challenges in our system for planning and implementing development assistance for good governance and anti-corruption, and it provides a useful starting point for learning and making improvements.

**The Office of the Auditor General's comments**

*Strategic focus*

The OAG has found that the Ministry's efforts within good governance have not had a sufficiently strategic focus at the overall level, and that the work is characterised by weak contextual understanding. I agree that contextual understanding is very important. This will be further illustrated in the continuing process of concentrating development assistance, which I initiated in early 2014. Routine contextual and power structure analyses are part of this process.

We will also carry forward the experiences from the good examples of concentration and long-term approaches highlighted by the OAG, from the governance portfolio in Zambia and the support for the justice sector in Bosnia and Herzegovina, respectively.

*Effectiveness and sustainability*

Although most of the reviewed projects have a fairly high or high degree of effectiveness at the lowest level (output level), we have major challenges in measuring results

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The original letter in Norwegian has been translated into English.

further out in the results chain. We are constantly working on improvements in this field. It will be important for us to take a closer look at, and learn from, the success factor(s) in the projects that the OAG mentions as good examples of sustainability. Going forward, this will enable us to turn the situation around so that the majority of the projects fall into this group.

#### *Planning and results orientation*

I note that besides the support for the tax administration in Zambia, the support for finance management in Uganda was also cited for systematic and coherent results frameworks. We want all of our projects to have a solid goal structure and clear criteria for goal achievement, and we agree that appraisal of project proposals is an important element of assuring the quality of projects.

As part of the Ministry's follow-up of "Can we demonstrate the difference that Norwegian aid makes? Evaluation of results measurement and how this can be improved" (Norad Evaluation Department Report 1/2014), steps will now be taken to increase quality assurance of projects under funding consideration before a decision is made. Such requirements are being incorporated into the Ministry's grant scheme regulations and will strengthen opportunities to measure the results of the projects for which support has been granted.

#### *Follow-up and risk of poor effectiveness*

As donors, it is important that we do not take over project management. At the same time, the goals on which support is based must be reportable so that we can verify whether the objective of the grant has been achieved. Recognising that there is a need for increased capacity and expertise in grant management in the Ministry, the Ministry has now bolstered compulsory training in management by objectives and results for all programme officers and administrators charged with managing grants at the embassies. Pre-posting training will be supplemented with regional gatherings, courses for local staff and training in connection with management reviews. Risk assessment methodology has been improved and clarified in the grant management manual. Furthermore, the Ministry has established a grant management section that has overall responsibility for coordinating the Ministry's grant management system, ensuring administrative harmonisation and contributing to the implementation of the concentration policy. I expect this to produce results in the form of better management, better compliance with current rules and better documentation of effectiveness.

The Ministry has also been working for some time on revising its collection of agreement templates to strengthen controls of and follow-up of grants. The OAG comments on some of the examined agreements will be incorporated in the final phase of this process. The plan is to adopt the templates in August this year.

#### *System for assessing effectiveness and learning*

The Ministry agrees that a system for empirical learning is important, and this is reflected in many of our systems. The evaluation instructions require systematic follow-up of evaluations, with a follow-up plan and report after a specified length of time. In following up our internal performance reviews the Ministry prepares follow-up plans for which annual reports are filed. Partner assessments and evaluations of results of earlier support must be included in assessments of future support. These are some of the elements on which we will continue to build in order to further utilise and learn from experience.

The OAG's point about the importance of increased use of political-economic analyses and a more strategic approach, in line with the strategy memo for the



development cooperation with Zambia and the work on the Oil for Development Programme, coincides with the concentration initiative taken by the Government.

### **The OAG's recommendations**

The OAG recommends that the Ministry of Foreign Affairs

- *consider formulating a strategy based on key goals and instruments in the area.*

The Ministry will, in a suitable manner, recapitulate the common strategic approach underlying all of the various areas falling under the collective term good governance and anti-corruption.

In December 2014, the Ministry published the white paper *Opportunities for All: Human Rights in Norway's Foreign Policy and Development Cooperation* (Meld. St. 10 (2014-2015)). The white paper will have an impact on our future work, also in the field of good governance and fighting corruption. In the white paper, the rule of law and legal protection, under which combating corruption is a key element, are emphasised as one of three thematic priority areas. The other two thematic priority areas, individual freedom and public participation, and equality and equal opportunities, are also of practical importance for good governance as this priority area is defined in the OAG's report. The Ministry is now entering a phase with implementation and follow-up within the framework of the white paper. Realistic goal formulations, clear indicators and corresponding reporting obligations will be important for being able to document results in relation to overriding goals.

- *strengthen its knowledge base for governance and anti-corruption assistance in the main partner countries, including political economy analyses.*

The Ministry will prepare contextual and power analyses (political economy analyses) for the most important recipient countries. Initially this will apply to the 12 focus countries.

- *improve its management practices to ensure a proper goal structure for the projects, clear criteria for verifying goal achievement, and better reporting by recipients in accordance with this.*

The goal of development policy is to contribute to increased democratisation, realisation of human rights and enabling people to work their way permanently out of poverty. One of the priority focus areas under white paper Meld. St. 10 (2014-2015) consists of reviewing the collective system for grant management in the Ministry, Norad and the Peace Corps with a view to upgrading and harmonising human rights provisions.

Over the course of 2015, the Ministry will revise all regulations for our grant schemes and will in this process introduce stricter quality assurance requirements throughout the project cycle for funded initiatives. This entails more frequent use of appraisals for, e.g., assessing the quality of results frameworks. The new scheme regulations will also contain clear requirements for reviews and evaluations in order to capture results information from the projects we support. New agreement templates (to be launched in the autumn of 2015), increased requirements for using the agreement templates and more stringent requirements for assuring the quality of draft agreements will contribute to the stipulation of clear reporting requirements in agreements. Negotiations have also been carried out for some time with five or six UN organisations in order to improve the framework agreements that have been signed with them.

The existing framework agreements were entered into in 2003 and clearly have areas where results reporting can be improved. The negotiations are in the final phase, and the adoption of revised framework agreements with improved result reporting requirements is also scheduled to take place in 2015. In parallel with this, compulsory training will help increase expertise relating to management by objectives and results, which in turn will enable programme officers to make better-quality assessments in following up projects. The planned concentration (reduction) of the number of agreements will furthermore help free up time for qualitatively improved follow-up of the projects we support.

In addition to planned measures, the Ministry has already initiated steps to strengthen results-based management in the Ministry. The Grant Management Manual was revised in 2013, and as mentioned earlier, a new grant management section was established in the Ministry in August 2014. The new section will contribute to greater quality assurance of grants allocated by the Ministry.

strengthen the basis for its own learning by introducing a structured, systematic and documented assessment of effectiveness in individual projects, as several other countries and donors have done.

The Ministry sees the need to improve information sharing internally to ensure learning as regards what works and what does not work. The Ministry is in the process of reviewing how this can be done as efficiently as possible in its ongoing work of improving the supply of results information. Once the embassies have electronic records, this will improve opportunities for searching for relevant information. We also see the possibility of adding new functionalities in the electronic management system PTA, which is used by the Ministry, embassies and Norad. The proposal that results information can then be used to categorise the projects based on scoring, which the OAG has pointed out is done by other donors, will be considered together with the preparation of a solution to ensure information sharing.

The OAG's review of development assistance for good governance and anti-corruption will be a useful contribution to improvements in our work in this important area. I look forward to a continued good and constructive collaboration with the OAG.

Sincerely,

*(Signed) Børge Brende*

Børge Brende

Annex 3

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Report: The Office of the Auditor General's investigation of Norwegian development assistance for good governance and anti-corruption in selected main partner countries

The audit has been conducted in accordance with the Act and Instructions relating to the Office of the Auditor General, and with the guidelines for performance audits that are consistent with and based on ISSAI 300, INTOSAI's international standards for performance audits.

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## Abbreviations

ACT	Accountability and Transparency Project (Afghanistan)
AIHRC	Afghan Independent Human Rights Commission
ASGP	Afghanistan Sub-National Governance Programme
CCZ	Council of Churches (Zambia)
CoC	Control of Corruption index (The World Bank)
CPI	Corruption Perceptions Index (Transparency International)
CPIA	Country Policy and Institutional Assessment (The World Bank)
CSI	Civil Service Institute (Afghanistan)
DFID	Department for International Development (UK)
Difi	Agency for Public Management and eGovernment (Norway)
DMS	Document Management System (Bosnia and Herzegovina)
EFC	Evangelical Fellowship of Zambia
EFZ	Evangelical Fellowship of Zambia
EITI	The Extractive Industries Transparency Initiative programme (Zambia)
FHI	Freedom House Index
FIC	Financial Intelligence Centre (Zambia)
FINMAP	Finance Management and Accountability Programme (Uganda)
GBV	Gender-Based Violence in Northern Uganda
GIGA	German Institute of Global and Area Studies
GOU	Government of Uganda
HJPC	High Judicial and Prosecutorial Council (Bosnia and Herzegovina)
JBSF	Joint Budget Support Framework (Uganda)
JGSP	Joint Gender Support Programme (Zambia)
JLOS	Justice, Law and Order Sector Uganda
KS	Norwegian Association of Local and Regional Authorities
LOTFA	Law and Order Trust Fund Afghanistan
MIC	Municipal International Cooperation (Uganda)
NAPWA	National Action Plan for Women in Afghanistan
NGOCC	Non-Governmental Organisations Coordinating Council (Zambia)
OBI	Open Budget Index

ODI	Overseas Development Institute (UK)
OECD	Organisation for Economic and Co-operation Development
OfD	Oil for Development (OfD) programme
PARCO	Public Administration Reform Coordination Office (Bosnia and Herzegovina)
PARF	Public Administration Reform Fund (Bosnia and Herzegovina)
PDIA	Problem-Driven Iterative Adaptation
PEFA	Public Expenditure and Financial Accountability Assessment
PEMCOM	Public Expenditure Management Committee (Uganda)
PEMFA	Public Expenditure Management and Financial Accountability (Zambia)
PTA	PlanTilskuddAvtale (plan-grant-agreement), the Ministry of Foreign Affairs' system for management by objectives and results
PWYP	Publish What You Pay Programme (Zambia)
TI	Transparency International
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
V&A	Voice and Accountability (World Bank index for democracy, participation and legitimacy)
WR	War Registry (Bosnia and Herzegovina)
ZRA	Zambia Revenue Authority

# 1 Introduction

---

## 1.1 Background

Corruption and abuse of power prevent efficient use of national resources, hamper economic growth and contribute to unjust distribution of resources in society. Good governance is needed to fight corruption in a society, while specific anti-corruption measures are also key elements of good governance.<sup>1</sup> Since the millennium, both good governance and fighting corruption have therefore been among the highest priority areas within Norwegian development assistance, cf. Proposition No. 1 to the Storting/Proposition to the Storting 1 S for the Ministry of Foreign Affairs.

Meanwhile, responsible policy and good governance in recipient countries are prerequisites for effective utilisation of development assistance. No matter how well planned and implemented each aid project is, it has only limited and sometimes even a negative effect if the authorities fail to pursue policies that promote sound political and economic development.<sup>2</sup> Support for establishing and strengthening institutions and good governance is therefore also important for promoting sustainable development.<sup>3</sup>

*Good governance* means the ability to formulate and manage policies effectively out of respect for fundamental rights and freedoms and democratic processes and institutions. Good governance is also characterised by rule of law and economic policies that contribute to combating poverty.<sup>4</sup>

During the period 2004–2014, Norway spent NOK 26 billion on funding projects to promote good governance and fight corruption.<sup>5</sup> This amount represents 10 per cent of total Norwegian development assistance during the same period. The share has been stable throughout the period.

In parallel with the fact that good governance and anti-corruption have for some time been a priority in international development cooperation, no general strengthening of governance and control of corruption (Kaufmann 2010) has taken place. Governance development indices prepared by institutions including Freedom House and the World Bank illustrate this.

Meanwhile, the Ministry of Foreign Affairs has only limited influence on goal attainment in this field. Firstly, Norwegian aid constitutes a minor part of the total assistance for good governance. Secondly, a country's governance is more a product of the country's political and economic power relationships than the effectiveness of governance reforms supported by aid funds (see, for example, North et al. 2007). The Ministry of Foreign Affairs nevertheless has responsibility for managing Norwegian development assistance, including results orientation and quality assurance. This involves facilitating good achievement of goals by ensuring sound planning and follow-up of aid projects.

1) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*; Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

2) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

3) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

4) World Bank Institute, quoted in Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

5) Cf. OECD DAC's sector code 151 *Government and civil society, general*. This total and other data were obtained from / calculated on the basis of NORAD's database *Norwegian Aid Statistics*: <http://www.norad.no/no/om-bistand/norsk-bistand-i-tall/avansert>.

An evaluation of anti-corruption assistance concludes that donors' (including Norway) analyses of corruption in recipient countries are incomplete and few, and that key factors behind corruption have been overlooked.<sup>6</sup> Furthermore, several evaluations recommend carrying out thorough contextual analyses in the governance area, including analyses relating to the political economy of the recipient countries.<sup>7</sup> Weak or non-existent contextual analyses give rise to the risk that both anti-corruption programmes and development assistance for good governance become less effective. Several evaluations and reviews of Norwegian governance assistance also show uneven achievement of goals and that there are significant risks associated with the sustainability of the projects.<sup>8</sup>

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## 1.2 Objective and audit questions

The objective of the audit is to assess the quality of the management – and effectiveness of – Norwegian assistance for good governance and anti-corruption. This will be done by reviewing overall management and selected projects in the four partner countries, and will be illustrated through the following audit questions:

- 1 What is the scope and distribution of Norwegian assistance for good governance and anti-corruption?
- 2 To what extent have the goals set for selected Norwegian assistance projects<sup>9</sup> for good governance and anti-corruption been met, and how sustainable are the projects?
- 3 To what extent does the Ministry of Foreign Affairs manage good governance and anti-corruption aid projects in a manner that provides a good basis for goal attainment?

*Effectiveness* means the degree of goal achievement in specific projects covered in the audit. The *quality* of administration refers to whether the requirements for sound management of assistance at different stages of the cycle are met, from strategic planning to the planning of individual projects, follow-up, conclusion and learning.

The Ministry of Foreign Affairs is the main auditing object in the audit, and this includes both the Ministry centrally and the embassies. Since Norad is responsible for the administration of support for good governance channelled through Norwegian organisations, the audit also includes Norad.

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## 1.3 Demarcation

Under OECD/DAC's (Organisation for Economic and Co-operation Development / Development Assistance Committee) system for classification of development assistance, governance assistance consists of two main categories:

- 6) Norad: "Joint Evaluation of Support to Anti-Corruption Efforts 2002–2009," Report 6/2011, Norad Evaluation Department.
- 7) For example, Norad's evaluation of Norwegian support to Zambia: "Evaluation of Norwegian Development Support to Zambia (1991–2005)". Evaluation Report 4/2007. *Contextual Analysis* refers to a description of the legal and institutional frameworks, political and economic conditions as well as earlier reforms relevant to the project. The *political economy* refers to how certain groups or sectors of the population have political control and control the use of the country's resources.
- 8) According to the OECD/DAC's definition, sustainability refers to whether the results of a project will continue after donor funding has been withdrawn. In addition to the evaluations referred to above, see also Norad's evaluation of Norwegian support to Afghanistan: *Evaluation of Norwegian Development Cooperation with Afghanistan 2001–2011*. Evaluation reports 3/2012.
- 9) The audit uses the terms *projects* and *measures* interchangeably and does not distinguish between programmes and projects.

- government and civil society (code 151) – assistance aimed at strengthening public institutions as well as assistance for strengthening non-governmental actors' ability to hold public authorities accountable
- conflict prevention and resolution (code 152) – assistance that targets specific peace and security projects, including security systems, removal of land mines, demobilisation of soldiers and civil society support for peacebuilding<sup>10</sup>

The audit focuses on assistance for capacity building of public authorities and public administration and civil society organisations to strengthen democratic participation and accountability of public authorities (code 151).

Under audit questions 2 and 3, the audit concentrates on bilateral assistance initiatives in selected recipient countries, including bilateral agreements for projects carried out by multilateral organisations. The countries covered are Afghanistan, Bosnia and Herzegovina, Uganda and Zambia – all major recipients of governance assistance from Norway. Together, the four countries have received more than 10 per cent, NOK 2.74 billion, of all Norwegian assistance for good governance in the period 2004–2014<sup>11</sup>. The audit assumes that goal attainment for Norwegian-supported governance projects depends on many factors outside the Ministry of Foreign Affairs' control. The key question for a performance audit then becomes to what extent the Ministry of Foreign Affairs facilitates the best possible goal achievement.

The audit period is from 2004 to 2014. Report No. 35 (2003–2004) to the Storting, cf. Recommendation No. 93 (2004–2005) to the Storting, are the parliamentary documents that have most clearly specified and defined governance and anti-corruption as priority subsectors for Norwegian assistance. 2004 is therefore a natural starting year for the audit.

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#### 1.4 Concerning developments in governance and corruption in selected recipient countries

Good governance has been on the international development agenda since the early 1990s, and anti-corruption became a topic in the mid-1990s. During this time many measurement tools were developed for assessing the quality of a country's governance. Data from six different studies of different aspects of governance – democracy and freedom, public finance management and corruption – show no significant improvement in the quality of governance over the past 10–15 years in the four countries included in the audit.

The use of data sets to assess development in governance over time is associated with certain risks. For example, the methodology for most indices must be occasionally adjusted, which weakens comparability over time. Moreover, some of the best known indices (such as Transparency International's *Corruption Perceptions Index* and the World Bank's *Governance Indicators*) are based on rankings between countries, which means that annual changes may be partly caused by changes in other countries, and not necessarily in the country measured. Assessments based on public opinion and the opinions of experts are also associated with methodological challenges.

10) 151 – Government and civil society, general: Public sector policy and administrative management, Public finance management, Decentralisation and support to subnational government, Anti-corruption organisations and institutions, Legal and judicial development, Democratic participation and civil society, Elections, Legislatures and political parties, Media and free flow of information, Human rights, Women's equality organisations and institutions

152 – Conflict prevention and resolution, peace and security: Security system management and reform, Civilian peace-building, Conflict prevention and resolution, Participation in international peacekeeping operations, Reintegration and SALW control, Removal of land mines and explosive remnants of war, Child soldiers (prevention and demobilisation)

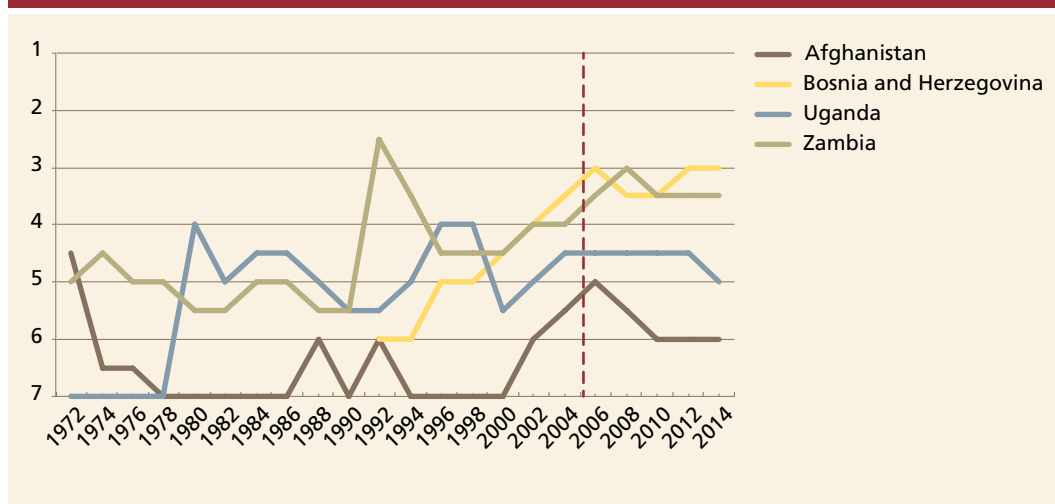
11) The selected projects comprise a considerable part of Norwegian support for good governance in the four countries in the final part of the period, see also subchapter 2.1.

The selection of the six sets of data below was deliberately done to minimise the risks associated with basing assessments of developments in governance on individual indices. They constitute a combination of data based on subjective opinions and objective factors. They also highlight key criteria for good governance and anti-corruption. Two of them are based on an index of 18 or more studies (Governance Indicators sets), while the other four are based on systematic assessments made specially for each data set. If the data sets provide similar or not highly divergent findings, they provide a relatively secure basis for making conclusions.

#### 1.4.1 Democratisation and freedom

One of the overarching goals of governance assistance is to support democratisation in partner countries. Since the early 1990s there has been a wave of democratisation in the sense that more and more countries have instituted a multi-party system, although such moves have not always been accompanied by other democratic rights, such as freedom of speech. Freedom House and the World Bank map the development of political and civil rights. Both sets of data indicate improvement up to the early 2000s, but stagnation after 2004 for the four countries included in the audit. The start of the audit period is marked by the dashed line in the figure below.

Figure 1 Development in political and civil rights 1972–2014 – Freedom House



Source: Freedom House: *Freedom in the World*

Figure 1 shows an overall improvement in Freedom House's freedom indicators up to the mid-2000s.<sup>12</sup> A partial exception is Afghanistan, where the highest level of freedom was noted before the 1973 coup that abolished the monarchy in the country. During the audit period, there was a slight improvement for Bosnia and Herzegovina and Zambia, and a corresponding slight decrease for Uganda and Afghanistan.

The World Bank's indicator shows the same trend with a slight improvement for the four countries from the first measurement in the mid-1990s up to 2004. After 2004, the indicator shows slight progress for Zambia, virtually unchanged for Uganda and Afghanistan, and a slight decline for Bosnia and Herzegovina, cf. Annex 1.<sup>13</sup>

#### 1.4.2 Indicators for budget and quality of public finance management

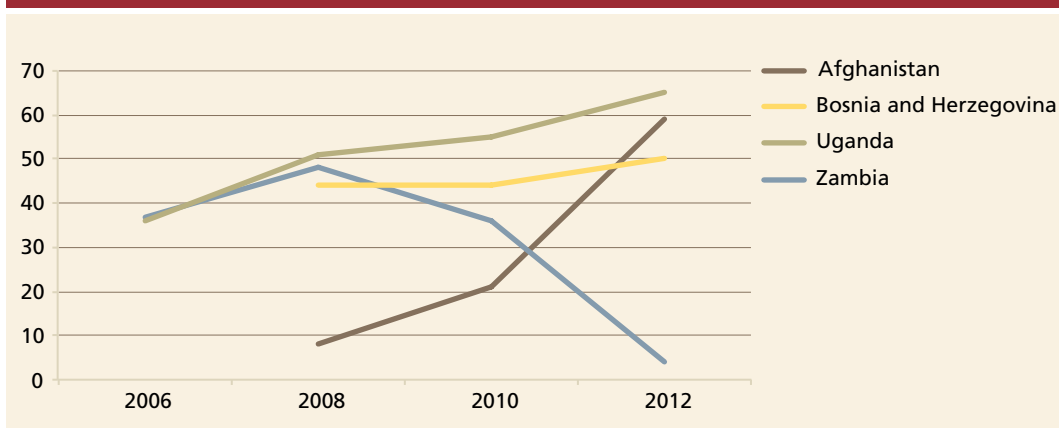
A transparent, responsible and rule-based budget process is an important part of good public administration. Two data sets that look at transparency in the budget process

12) The scale runs from 7 to 1, where 7 indicates *no freedom*, and 1 indicates *full freedom*.

13) Subcategory of the World Bank's Governance Indicators: Voice and Accountability.

and the quality of public finance management are *Open Budget Index* and *Public Expenditure and Financial Accountability Assessment* (PEFA), respectively.

**Figure 2 Development of Open Budget Index 2006–2012**



Source: International Budget Partnership: *Open Budget Index*

Figure 2 shows that the budget process in Uganda became considerably more transparent in the period from 2006 to 2012. The improvement is even more marked for Afghanistan since the first measurement in 2008 to 2012. Both countries have gone from low values to a value that indicates the existence of a significant degree of information to the public. In Bosnia and Herzegovina, the situation is largely unchanged, while the situation in Zambia has worsened considerably.

PEFA provides a detailed and comprehensive assessment of all steps of the fiscal budget, accounting and auditing process. PEFA has a scale from A to D, where A shows that the systems meet international requirements, and D means that the systems are not functioning. Uganda, Zambia and Afghanistan were assessed three times, Bosnia and Herzegovina was not assessed. The assessments are given for 28 criteria, which in turn are grouped under six dimensions. Average values for these dimensions are shown in table 1.

**Table 1 PEFA assessments for Afghanistan, Uganda and Zambia**

Indicator dimension	Afghanistan			Uganda			Zambia		
	2005	2008	2013	2005	2008	2012	2005	2008	2012
A. Credibility og Budget	C+	D+	C	C+	C+	D+	C	C+	C
B. Comprehensiveness and Transparency	D+	C	C	C	C+	C+	C	B	C
C. Policy Based Budgeting	D+	B	C+	C+	C+	C+	C+	B	B+
D. Predictability and Control in Budget	D+	C+	C+	D+	C	C+	D+	C	C+
E. Accounting, Recording and Reporting	D+	C+	C+	C+	C+	C+	C	C+	C+
F. External Scrutiny and Audit	D	C+	C+	C	C	C+	C+	C+	C+
Average score	C	C+	C+	C	C+	C	C	C+	C+

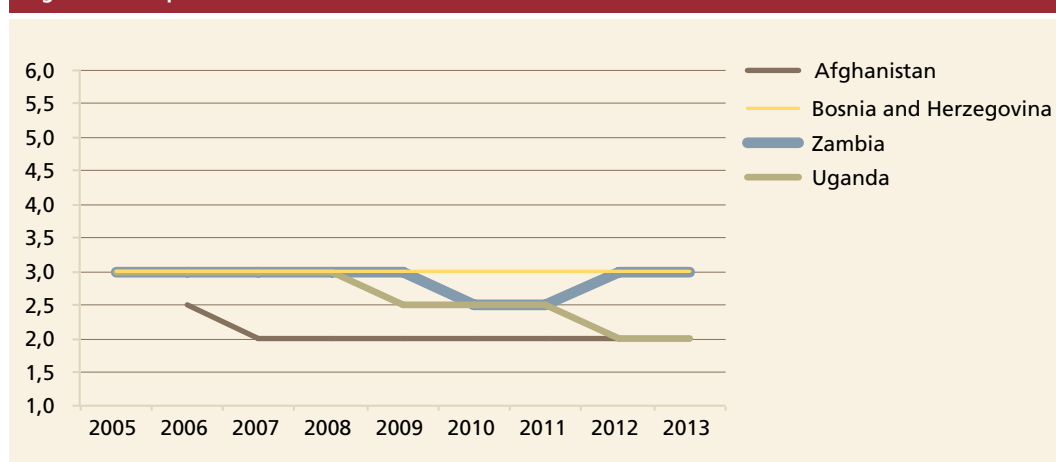
The PEFA scores for the three countries that were assessed are quite similar. All have scores between D and B, with the majority scoring a C. The average score for all dimensions was the same for the three countries and was C in 2005 and rose to C+ in

2008.<sup>14</sup> In the last assessment (2012/13), the average scores were unchanged for Zambia and Afghanistan, while Uganda fell again to C.

### 1.4.3 Corruption indicators

The corruption indicators provide an indication of whether the partial improvement in the budget process as measured in Open Budget Index and the PEFA evaluations have led to improvement in the actual management of public funds. The World Bank's two indicators, *Country Policy and Institutional Assessment (CPIA)* and *Control of Corruption*, assess the level of corruption in a country using two different methods. The first is an assessment undertaken by the World Bank's own experts in a country who look at various aspects of the country's governance, both the formal system and how it is practised. The second is based on a number of underlying data sets that primarily gauge the public's perception of corruption levels in the country. Both surveys show an unchanged picture and stagnation.

Figure 3 Corruption indicator in the World Bank's CPIA assessment 2005–2013\*



\* The scale runs from 1 to 6, where 6 is best (the least corruption)

Source: The World Bank

Figure 3 shows that the CPIA evaluations for Bosnia and Herzegovina and Zambia have remained unchanged since the beginning of the period, while Uganda saw significant deterioration. Afghanistan has had a more marginal deterioration. The World Bank's *Control of Corruption* indicator shows the same trend with slight changes in the four countries after 2004. Uganda saw a slightly negative development, while Zambia has improved somewhat, cf. Annex 1.

14) The PEFA assessment does not produce an average score as recited here. The average is calculated by converting each of the 28 scored categories from letter to numerical values (where A = 4, B+ = 3.5, B = 3, C = 2.5, C = 2, D+ = 1.5 and D = 1) totalled and divided by the number of questions in the respective dimensions, and by 28 for the overall average score. The average score was then converted back to a letter score (4 = A, 4 > B+ > = 3.5, 3.5 > B > = 3, etc.).



## 2 Methodological approach and implementation

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### 2.1 Selection of countries and projects

The audit covers governance assistance to four countries: Afghanistan, Bosnia and Herzegovina, Uganda and Zambia. The selection of countries is based on three criteria: The country is a major beneficiary of Norwegian governance assistance, a significant share of the governance assistance consists of support for public administration and institution building, and the embassy in the country should not be covered by OAG audit activities to a significant extent in recent years.

Projects for each country were initially selected within the part of the development assistance classified under OECD/DAC code 151, i.e. government and civil society. The following criteria were important:

- economic materiality
- the project should have been completed over the course of 2009–2013 or be close to completion
- approximately four projects were to be aimed at government reforms and/or institution building, and two projects aimed at civil society

In the final selection of projects, there are six projects in Afghanistan, Bosnia and Herzegovina and Uganda, respectively, and seven in Zambia.

Projects with special and known challenges were removed. Examples include the Media Trust Fund in Zambia and the Law and Order Trust Fund for Afghanistan (LOTFA). Both of these projects have been suspended due to suspected fraud.

The sample was drawn in order to show whether more specific criteria for good project management have been met, and not with a view to conclude whether effectiveness has been achieved for governance projects in general. The sample size was determined by the need to ensure a thorough review of the project management cycle, and to have a broad enough sample to control for differences between countries and project types. The conclusions are basically limited to the analysed countries, but information from the analyses of the projects in the selected countries may have transfer value for project management in other countries that receive support for good governance and anti-corruption.

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### 2.2 Selection of methodology

The audit is based on a combination of document analysis, interviews, questionnaires, analysis of statistics and project visits/observation.

#### **Analysis of governing documents**

Parts of the study are based on an analysis of 152 documents from the management dialogue between the Ministry of Foreign Affairs and the relevant embassies/Norad. The documents are divided into the following categories:

- The Ministry of Foreign Affairs' annual instructions (2011–2013)
- The embassies' three-year plans for development cooperation with Uganda, Afghanistan and Zambia (2008–2014)
- The Ministry of Foreign Affairs' feedback regarding the three-year plans (2008–2012)

- The Ministry's orders for annual plans for the embassies (2011–2014)
- The embassies' annual plans (2008–2013)
- Allocation letters to the embassies (2008–2013)
- Allocation memorandum Western Balkans, including Bosnia and Herzegovina (2010–2013)
- The Ministry's strategic plan for Western Balkans 2010–2014
- The embassies' semi-annual political-economic reporting (2012–2013)
- Allocation letter Norad (2008–2013)
- Minutes from agency management meetings Norad (2008–2013)
- Annual plans for Norad (2008–2013)

#### **Analysis of project documents**

A specified set of documents was collected and analysed for the selected projects in each country:

- External expert assessment
- Project document
- Decision document
- Agreement with the grant recipient
- Progress reports / annual reports
- Minutes of – and mandates for – annual/scheduled meetings with the grant recipient
- Final reports from grant recipients
- Any mid-term reviews, final reviews and evaluations
- Completion document/completion letter

The analysis of governing documents and for individual projects was done on the basis of defined analysis criteria and documented in an analysis form, cf. Annex 3. Tests were performed – in which several project staff have conducted assessments of the same projects – to improve the consistency of the assessments of the various documents and projects.

#### **Interviews and project visits**

Interviews were conducted during trips to Zambia and Bosnia and Herzegovina in May and September 2014, respectively.

In **Zambia**, interviews were conducted with the embassy and various partners for the selected projects: the Zambia Revenue Authority, Financial Intelligence Centre, Ministry of Finance, United Nations Development Programme (UNDP), Save the Children (Zambia), Human Rights Commission, NGO Coordinating Council (NGOCC), Norwegian Church Aid, Caritas (Zambia), Evangelical Fellowship of Zambia (EFZ) and the Council of Churches (CCZ). In addition, Transparency International Zambia and the World Bank's country office were interviewed.

In **Bosnia and Herzegovina**, interviews were conducted with the embassy and the partners for the six projects in the sample: the state court, court administration, Ministry of Foreign Affairs, Transparency International Bosnia-Herzegovina, Public Administration Reform Coordinator's Office (PARCO) and Sida (Sweden). Sida represents Norway on the board of a programme for reform of public administration in Bosnia and Herzegovina.

In **Norway**, interviews were conducted with Norad, the Norwegian Tax Administration and the Ministry of Foreign Affairs. A separate final interview was also conducted with the Ministry of Foreign Affairs on 11 December 2014.

All interviews with the Ministry of Foreign Affairs, embassies, Norad and the Norwegian Tax Administration are verified.

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### 2.3 Selection of methodology for the various audit questions

#### **Audit question 1: What is the scope and distribution of Norwegian assistance for good governance and anti-corruption?**

The audit question was answered through an analysis of statistics from NORAD's web portal *Norwegian Aid Statistics*, which covers development assistance from Norway in the relevant time period. The statistics were used to analyse the extent and distribution of Norwegian assistance for good governance and anti-corruption according to year, country, subsector, projects and partners.

One observed weakness in the data is the subsector classification of development assistance projects. To avoid double counting, a project can be assigned to only one subsector. For projects that can fit equally well under two different categories, the choice of category can therefore vary from project to project. For example, support for non-governmental organisations working against corruption is sometimes classified as "anti-corruption" (DAC code 151.13), and other times as "democratic participation and civil society" (code 151.50). Anti-corruption training has also been classified as "public finance management" (code 151.11). While final conclusions based on subsector classification can therefore not be drawn, it is still considered sufficient to be able to provide a general indication of the priorities between subsectors. The classification for the so-called main sector – "Government and civil society" (code 151) – is considered more robust. This forms the basis for the analysis of total development assistance for good governance and anti-corruption, list of partners, geographic distribution and number of projects.

The fact that projects can only be registered under one category for main sector and subsector, also means that there are governance efforts in other sectors, such as health, which falls outside DAC code 151. The majority of the Oil for Development (OfD) programme, which includes support for responsible management of a country's oil or gas resources, is classified as "Mineral resources and mining" (code 322). This is not captured in this audit. However, the parts of OfD going to support civil society's efforts to hold authorities accountable in the sector are classified under code 151, "Government and civil society". Another example is the Afghanistan Reconstruction Trust Fund which also has a component for good governance, but is classified in its entirety as "Multisector aid". Since the objective of the audit is to assess quality in administration and goal achievement in selected projects, it matters little that there may be other governance-related projects not captured by code 151.

#### **Audit question 2: Have the goals set for selected Norwegian assistance projects for good governance been met, and are the results permanent?**

This audit question will be answered on the basis of the following data:

- document analysis of project documentation for various stages of a project's cycle from planning to conclusion
- interview with units with responsibility for managing grants in the Ministry of Foreign Affairs in Oslo and at the embassies in Bosnia and Herzegovina and Zambia
- field visits and interviews with grant recipients in Bosnia and Herzegovina and Zambia
- questionnaires to the embassies in Afghanistan and Uganda

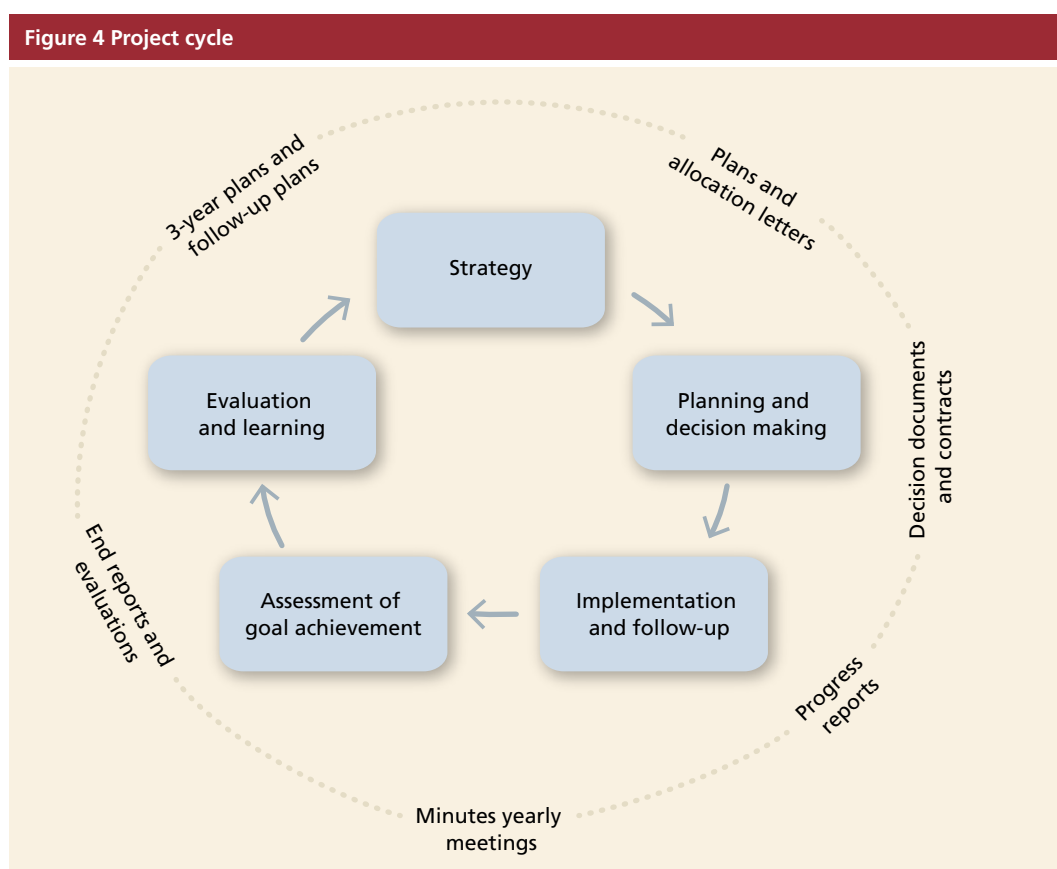
The audit assesses whether the selected projects have achieved results in line with plans. These assessments used a four-part scale with values ranging from *no effectiveness* to *high degree of effectiveness* for the various goal levels (output, outcome and impact level). The project document, progress reports, reviews and other documentation were analysed in context to assess effectiveness. For projects in Bosnia and Herzegovina and Zambia this information was supplemented with information from interviews with administrators and recipients of grants.

The criteria for the assessments are compiled in Annex 3.

Many of the projects' goal hierarchies and results frameworks are inadequate, and much of the results reporting deals only partly with agreed objectives and planned results. This has made it more difficult to assess effectiveness. The assessments are therefore based on discretionary judgment to a substantial degree, increasing uncertainty about the assessments of effectiveness.

**Audit question 3: To what extent does the Ministry of Foreign Affairs administer assistance projects for good governance and anti-corruption in a manner that provides a good basis for goal attainment?**

Audit question 3 deals with the entire project cycle, from strategy to planning, execution, conclusion and evaluation, to shed light on whether the Ministry's management facilitates goal attainment. The stages in the project cycle and examples of documentation that are assessed, are illustrated in figure 4.



The sub-question regarding *strategy* was answered through document analysis and through interviews centrally with the Ministry of Foreign Affairs and with the embassies in Bosnia and Herzegovina and Zambia. The document analysis looks at a set of governing documents to shed light on how the Ministry identifies and

describes goals and instruments for Norwegian development assistance for good governance and anti-corruption. This concerns both governance and anti-corruption in general and elements that are included in governance, such as legal system, human rights, legislatures and control bodies. The governing documents are listed in 2.2 above.

The sub-question about *main challenges* with respect to governance and corruption was answered through interviews with the embassies in Bosnia and Herzegovina and Zambia, and questionnaires to the embassies in Afghanistan and Uganda. In addition, an analysis was made of relevant documents from the management dialogue to illustrate the degree to which the main challenges of good governance and anti-corruption were analysed.

Furthermore, the sub-question about *proper planning* of aid projects was answered with an analysis of project documentation on planning of the selected projects, primarily the relevant agreements and related project documents, external appraisals and decision documents. The document analysis was supplemented with interviews with the Ministry of Foreign Affairs (including the embassies), Norad and grant recipients in Bosnia and Herzegovina and Zambia.

The sub-question concerning the Ministry's/Norad's *follow-up* of the projects was also primarily illustrated through analysis of project documentation for the selected projects. Field visits and interviews with the units responsible for managing grants as well as grant recipients in Bosnia and Herzegovina and Zambia were also used to answer the audit question.

The sub-question on *evaluation and learning* was partly answered with an analysis of the completion documents for the selected projects. Furthermore, relevant evaluations and their follow-up were reviewed with regard to the Ministry's follow-up of recommendations. The evaluations that have the greatest relevance for good governance and anti-corruption, either on a general level or at the national level for the four countries covered by the audit, have been selected. These include:

- evaluation of development cooperation with Zambia 1991–2005 (Report 4/2007)
- evaluation of anti-corruption efforts (Report 6/2011)
- evaluation of Norwegian assistance to Afghanistan 2001–2011 (Report 3/2012)
- evaluation of the Oil for Development programme (Report 6/2012)

A document analysis of the evaluation report, Norad's follow-up memorandum and the Ministry's follow-up plan and follow-up report was carried out for each of the evaluations.

The sub-question was also illustrated by an analysis of the embassies' annual results reports as well as semi-annual political and economic reporting.

## 3 Audit criteria

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### 3.1 The importance of good governance and anti-corruption

Since the millennium, good governance and fighting corruption have been among the highest priority areas within Norwegian development assistance, cf. Proposition No. 1 to the Storting/Proposition to the Storting 1 S for the Ministry of Foreign Affairs. The Standing Committee on Foreign Affairs has endorsed the platform that good governance is essential for effective development assistance, and points out that a key objective of Norwegian aid is to assist the recipient countries to improve governance.<sup>15</sup> Moreover, the Committee pointed out that a well-functioning state is a precondition for ensuring that the private sector and civil society have secure and favourable framework conditions, and that the basis for development is the result of interaction between these three elements.<sup>16</sup>

Basic and essential features of good governance include legislative institutions with legitimacy and popular support, and that the state's key institutions are organised in a way that respects the division of power between the executive and legislative branches together with judicial independence and integrity. Safeguarding key rules of law is also an important part of this. Furthermore, good governance entails transparent, efficient and professional administration that safeguards the public's needs and ensures basic human rights. Respect for women's rights and opportunities for broad participation in society, free and independent media, and a dynamic civil society with freedom of action are also important aspects of good governance.<sup>17</sup> Taxation is also an important instrument for promoting good governance, as this supports the government's responsibility to its citizens, thus helping to consolidate the contract between individual and state.<sup>18</sup>

The fight against corruption is integrated into Norwegian efforts to improve governance at local, national and global levels. The most relevant measures are described in the United Nations Convention Against Corruption, which represents a global consensus on the key elements of good governance. This involves, among other things, transparency and access, supervisory bodies and the possibilities for effective prosecution, separation of powers and political opposition, and the quality of public administration. While the fight against corruption is a high-priority area in Norwegian development policy, building societies is therefore characterised by transparency, democratic control and separation of powers, and by effective legal systems and overarching objectives for the Government's efforts to promote good governance.<sup>19</sup>

Key aspects of the fight against corruption include sound and robust financial management – both of a country's own revenues and of aid funds – through electronic financial management systems and transparency throughout the discussion of the fiscal budget in the national assembly.<sup>20</sup> In connection with this, the Standing Committee on Foreign Affairs has also pointed out the parliaments' control function as an important component in fighting corruption.<sup>21</sup> Moreover, combating corruption

15) Recommendation No. 93 (2004–2005) to the Storting, cf. Report No. 35 (2003–2004) to the Storting.

16) Recommendation No. 269 (2008–2009) to the Storting, cf. Report No. 13 (2008–2009) to the Storting.

17) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

18) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

19) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*; Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

20) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

21) Recommendation No. 269 (2008–2009) to the Storting, cf. Report No. 13 (2008–2009) to the Storting.

requires independent auditing, sufficient capacity to investigate economic crime and an independent judiciary. Other key actors that must be supported in this context are anti-corruption agencies and other public control institutions, free and independent media, and civil society organisations. In addition, it is important to contribute to the identification and return of funds that have been transferred from developing countries as a result of corruption.<sup>22</sup>

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### 3.2 Principles and goals for Norwegian development assistance for good governance anti-corruption

Norwegian policy for good governance must be ambitious and clear, but also have a long-term perspective since institution building and change processes take time. Different approaches will furthermore be necessary. Among other things, projects in the various governance areas require culturally and nationally adapted solutions, cf. Report No. 35 (2003–2004) to the Storting. The report also states that "In all Norway's partner countries there is a continuous political tug-of-war for power and influence [...]. If development policy is to succeed, it must be designed in such a way as to ensure that those who are fighting to secure greater opportunities for the poor can succeed. That is why it is so important to promote good governance, and that is why development policy is primarily politics." Report No. 13 (2008–2009) to the Storting notes that fragile states are characterised by the fact that the government is weak, lacks legitimacy among the population, has insufficient control over its own territory, is often characterised by socio-economic polarisation and that the elites distribute goods in a way that creates dependency and patronage. Systems for holding political leaders accountable fail or do not exist. Intervening in such situations to create lasting change requires insight into national conditions. The Standing Committee on Foreign Affairs points out in Recommendation No. 269 (2008–2009) to Report No. 13 (2008–2009) to the Storting that long-term and systematic development of sound national expertise is necessary in countries where there is more extensive bilateral government-to-government cooperation, as is the case with key partner countries.

A guiding development assistance principle over the past 10–15 years has been that projects and strategies must be based on country-specific and historically informed contextual analyses (Warrener 2004; World Bank 2004; OECD 2013). Sound contextual understanding is particularly important since change processes in recipient countries are ruled by political processes that can render technically oriented projects ineffective (North et al. 2007). This means that the embassy proceeds from local conditions and political and economic power relations, local needs and major challenges with regard to good governance and anti-corruption in the host country.

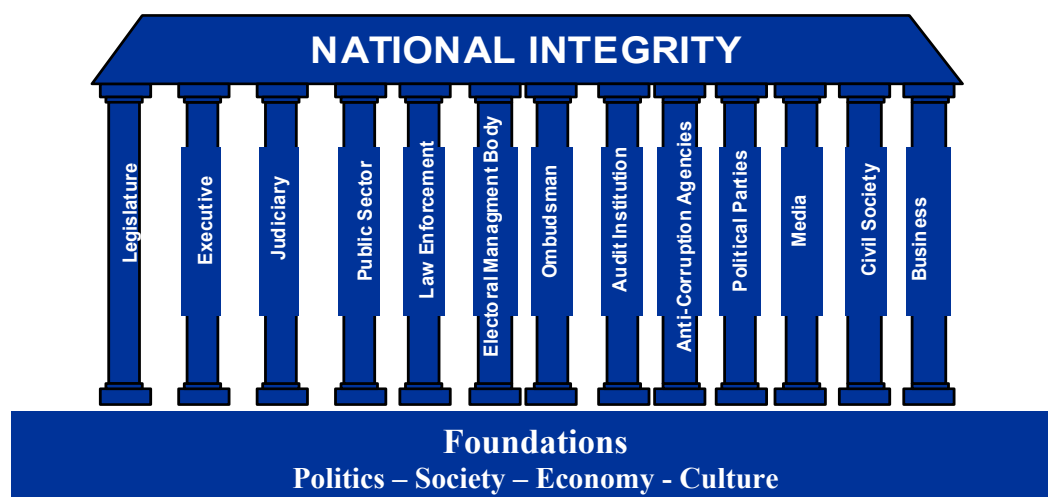
Improving governance and fighting corruption largely involves developing strong and effective institutions, which require extensive and long-term efforts and substantial technical and financial assistance in most developing countries. For efficiency reasons, it is important that donors coordinate this assistance well. Improved donor coordination and better strategic focus on governance work is therefore also part of the objectives for Norwegian governance work.<sup>23</sup>

In Recommendation No. 269 (2008–2009) to the Storting, the Standing Committee on Foreign Affairs notes out that concentration is an established principle of Norwegian

22) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

23) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*. In Recommendation No. 93 (2004–2005) to the Storting, the Standing Committee on Foreign Affairs notes that donors generally must coordinate aid better to reduce the problems associated with a large number of actors on the donor side.





Anti-corruption is one of several elements within good governance.

Illustration: Transparency International

aid, and points out that a fragmentation of aid in too many geographic areas and countries can compromise quality and impair results. Although Norwegian aid is already largely targeted at countries that are either in the midst of or emerging from violent conflict, the Committee therefore believes that a post-conflict orientation must be combined with a stronger concentration on a limited number of countries where one can make a bigger difference.<sup>24</sup>

In Proposition to the Storting 1 S (2009–2010) for the Ministry of Foreign Affairs, the Government points out that the number of governance-related activities in countries with which Norway cooperates is significant, and that it will therefore start the process of concentrating efforts.

Good governance, human rights, women and gender equality, and the fight against corruption are among the areas where Norway has recognised competence, and where Norwegian efforts are sought and provide added value for partner countries. Norwegian assistance will therefore be increasingly concentrated on these areas. In the areas where Norway does not have special expertise that is in demand in partner countries, and many donors are in the same sector, development assistance will mainly be channelled through multilateral organisations.<sup>25</sup>

With respect to anti-corruption work in particular, the Standing Committee on Foreign Affairs believes that this should be prioritised in countries where Norway supports the development of the petroleum or mining sector, and in countries that are in a post-war rebuilding phase, cf. Recommendation No. 269 (2008–2009) to the Storting.

The Standing Committee on Foreign Affairs furthermore underlines that assistance must be recipient-oriented – not donor-oriented. Although there are a number of areas where Norway has expertise and experience that may be relevant and useful in development cooperation, the needs of the recipient country must determine the priorities. The relevance of the projects with regard to national priorities and needs is also one of OECD DAC's criteria in evaluating assistance. This means that the portfolio of Norwegian-supported governance initiatives in a country has a profile that has good relevance for the main challenges with respect to governance in the country.

24) Recommendation No. 269 (2008–2009) to the Storting, cf. Report No. 13 (2008–2009) to the Storting.

25) Recommendation No. 269 (2008–2009) to the Storting, cf. Report No. 13 (2008–2009) to the Storting.



A focus on results and quality assurance must be crucial in Norwegian development policy. In this connection, Report No. 35 (2003–2004) to the Storting refers to OECD/DAC's set of aid evaluation criteria endorsed by Norway. In addition to relevance, the following criteria concern quality:

- *effectiveness*: whether, or to what extent, the planned results are achieved<sup>26</sup>
- *efficiency*: whether the results are in reasonable proportion to the resources that have been invested, compared with alternative ways of achieving the same results
- *sustainability*: whether the benefits of an activity are likely to continue after donor funding has been withdrawn. The project should be viable as a project with national ownership and through national institutions; it should be possible to continue with the financial resources that are available nationally, and it should also be prudent and beneficial from a sociocultural standpoint and on the basis of environmental and resource considerations.

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### 3.3 Requirements for the management of development assistance for good governance and anti-corruption

The Ministry of Foreign Affairs' development work is covered by the principle of results-based management specified in the *Regulations on Financial Management in Central Government* (Financial Management Regulations). Section 9 of the Regulations stipulates a general requirement that the agency must plan with both a one-year and multi-year perspective, and report on the achievement of objectives and results internally and to the superior authority. The Ministry has overall responsibility for ensuring that development assistance for good governance and anti-corruption are consistent with the goals laid down in the Storting's decisions and intentions.<sup>27</sup>

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### 3.4 Procedural requirements for allocating grants

Section 10 of the Appropriations Regulations specifies that expenditure allocations shall be allocated so that the use of resources and instruments are effective in relation to the expected results.

According to Section 4 of the Financial Management Regulations, all agencies must ensure that established objectives and results requirements are achieved, and ensure sufficient management information and a proper basis for decisions.

When issuing grants to aid projects, Norway has a responsibility as a donor to assess whether the project proposals prepared by the applicant are in line with Norwegian development policy, including whether they satisfy basic quality requirements, are realistic and have clear and verifiable results indicators. These are also fundamental prerequisites for being able to make good assessments of what is actually achieved in the recipient countries.<sup>28</sup> The assessments shall be documented, cf. the Ministry of Foreign Affairs' and Norad's grant management guidelines.<sup>29</sup>

The Standing Committee on Foreign Affairs has also determined that an emphasis on results and quality assurance must be key in Norwegian development policy. This is necessary both to ensure that Norwegian development policy achieves the desired

26) Results may refer to activities, outputs, outcomes and impacts.

27) This follows from Section 1 of the *Regulations on Financial Management in Central Government*, which states that central government funds are to be spent in accordance with the decisions and intentions of the Storting.

28) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

29) *Development Cooperation Manual and Grant Management Manual*.

results, and to ensure the legitimacy of and support for this policy.<sup>30</sup> In Recommendation No. 214 (2003–2004) to the Storting, the Standing Committee on Scrutiny and Constitutional Affairs also pointed out that thorough preparation is important to clarify the purposes and follow-up opportunities before projects are implemented. The Committee emphasises at the same time that clear criteria for goal attainment and quality assurance are necessary so that it is possible to assess the impact of the projects in retrospect.<sup>31</sup> In Recommendation to the Storting 104 S (2011–2012), the Committee furthermore notes that the principle of recipient orientation does not absolve Norwegian aid authorities of their responsibility for a results orientation for and quality assurance of Norwegian development assistance. In this connection, the Committee refers to Recommendation No. 93 (2004–2005) to the Storting, cf. Report No. 35 (2004–2005) to the Storting.<sup>32</sup>

The Ministry of Foreign Affairs and Norad have prepared guidelines and manuals for ensuring a results orientation and quality assurance in Norwegian-supported programmes, including The Logical Framework Approach (1999), Development Cooperation Manual, which has been replaced by the Grant Management Manual (2010), Results Management in Norwegian Development Cooperation (2008) and Assessment of Sustainability Elements / Key Risk Factors: Practical Guide (2010). This means that well-planned projects have measurable objectives for the various stages in the results chain, i.e., activities and products (outputs), user effects (outcomes) and social effects (impacts), and that there is a solid baseline and time schedule. The initiative must be based on a realistic results chain with a logical correlation between outputs, outcomes and impacts, respectively. Risk factors shall be identified and assessed, and risk-mitigating measures shall be formulated if necessary. The applicant is responsible for preparing risk and sustainability analyses, and the programme officer in the Ministry will evaluate their quality.

Quality assurance covers all phases of development work, i.e. the planning and implementation phases as well as reporting and learning.<sup>33</sup>

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### 3.5 Requirements for following up grants

Norwegian aid administration is responsible for following up the grants awarded, and reporting on the use of funds and development results where grants are provided.<sup>34</sup> Good information on results is important for instilling confidence in aid both in Norway and in partner countries. Because the correlation between aid and development in a country is difficult to measure, it is necessary to verify and document results.<sup>35</sup>

As a grant manager, the Ministry of Foreign Affairs must verify that the terms stipulated for the grant are met by grant recipients.<sup>36</sup> This requirement is further specified in Section 6.3.6 of the *Provisions on Financial Management in Central Government* (Financial Management Provisions). The grant manager shall obtain reports from grant recipients that enable an assessment of the extent to which the objectives of the

30) Recommendation No. 93 (2004–2005) to the Storting, cf. Report No. 35 (2003–2004) to the Storting.

31) Recommendation from the Standing Committee on Scrutiny and Constitutional Affairs to the Storting on *The Office of the Auditor General's review of the effectiveness of Norwegian development assistance to Mozambique*, Document no. 3:6 (2003–2004).

32) Recommendation from the Standing Committee on Scrutiny and Constitutional Affairs to the Storting on *The Office of the Auditor General's investigation into result orientation in Norwegian development cooperation*, Document no. 3:4 (2010–2011).

33) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

34) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

35) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

36) Section 15 in the Regulations on Financial Management in Central Government, cf. Section 10 in the Appropriations Regulations.

grant are met. The criteria for goal achievement must be formulated so specifically and precisely that they can be followed up without disproportionately high costs. Grant recipients must therefore be required to submit reports in accordance with these criteria. At the same time the reporting requirements must not be greater in scope than is reasonable relative to the benefit the grant recipient has from the grant.

According to the Financial Management Provisions, the grant manager shall perform controls on reports on the achievement of objectives submitted by the grant recipient. The controls shall be adopted to the individual grant scheme and shall be assessed in relation to the objective of the scheme. The controls shall have a reasonable scope in relation to the utility and the costs of the controls.<sup>37</sup>

Report No. 35 (2003–2004) to the Storting notes that the aid administration actively participates in following up aid agreements, including through regular project and programme reviews and in dialogue on progress reports. Norway has a duty to react if the aid project is not implemented in line with agreed plans or does not lead to the results that are intended.

Good and timely reporting is essential for the effectiveness of the projects. The importance of careful follow-up and facilitating necessary adjustments along the way are also emphasised in Results Management in Norwegian Development Cooperation (Norad 2008).

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### 3.6 Requirements for evaluations

Under Section 16 of the Financial Management Regulations, all agencies shall perform evaluations to obtain information on efficiency, achievement of objectives and results within all or parts of the agency's area of responsibility and activities. The frequency and scope of the evaluations shall be based on the agency's distinctive characteristics, its risk profile and its significance.

The requirement to conduct evaluations is detailed in Section 6.5 of the Financial Management Provisions. The Ministry shall ensure that evaluations are conducted to obtain information on whether grant schemes are efficient in terms of resource use, organisation and the objectives that were set. Decisions to conduct evaluations shall be based on an assessment of risk and significance for the individual grant scheme, including the scope and importance of the grant scheme, the quality and scope of other reporting and the degree to which the annual results are possible to describe. Evaluations must also be considered in conjunction with the reporting requirements. The resources utilised on evaluations shall have a reasonable scope in relation to the usefulness of the information they provide.

Report No. 35 (2003–2004) to the Storting points out that regular reviews of projects and programmes, and evaluations conducted by independent consultants, are key elements of quality assurance and learning.<sup>38</sup> In addition, the development of new knowledge can also occur through systematisation of learning and experience carried out by practitioners.<sup>39</sup>

A key goal of the Ministry of Foreign Affairs' evaluation activities is that systematically collected experiences are used to design future policies and as a basis for

37) Section 6.3.8.2.

38) Report No. 35 (2003–2004) to the Storting *Fighting Poverty Together*.

39) Report No. 13 (2008–2009) to the Storting *Climate, Conflict and Capital*.

operating activities.<sup>40</sup> In Budget Recommendation S. No. 3 (2003–2004), the Standing Committee on Foreign Affairs also emphasised the necessity of evaluation work and that development assistance experiences are systematised in general. In this connection, the Committee also pointed out that evaluations can be an important basis for assessing the orientation of future development cooperation.

*Instructions for Evaluation Activities in Norwegian Aid Administration* lays down detailed rules for the Ministry's further follow-up of evaluations, including deadlines for determining follow-up plans and for reporting on their implementation.

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### 3.7 Specifically on governance assistance to Bosnia and Herzegovina

The white paper *Norway's engagement for stability and development in South East Europe* (Meld. St. 17 (2010–2011)), cf. Recommendation to the Storting 61 S (2010–2011), points out that Bosnia and Herzegovina has a highly fragmented state structure with insufficient capacity to receive assistance. This represents major challenges for sound aid management and coordination.

The white paper also notes that a Norad evaluation of Norwegian assistance to the Western Balkans had pointed out weaknesses in the long-term effectiveness and sustainability of parts of the portfolio. The evaluation also criticised parts of the aid management model.



The scars left by the war in Bosnia and Herzegovina are still well visible e.g. on this shelled residential block in Sarajevo.

Photo: OAG

40) Item 3.6 in *Instructions for Evaluation Activities in Norwegian Aid Administration*, approved by the Secretary General on 29 May 2006.

The main objective of Norwegian assistance in the very first phase after the wars of the 1990s was humanitarian and physical reconstruction, but was quickly changed to support the forces working for peace, reconciliation and democracy. The assistance had to be flexible and quickly adaptable to needs as they arose. This entailed acceptance of the risk that the entire portfolio would not achieve long-term results. The white paper Meld. St. 17 (2010–2011) notes that efforts in the region have now entered a new phase. Measures have been implemented which place greater emphasis on achieving results with the aid. Assistance will be concentrated on fewer sectors and larger programmes. The Government has prepared a package of measures to improve control of projects. Among other things, priority will be given to providing support to national anti-corruption initiatives, with particular emphasis on independent supervisory bodies, and to improve financial management in the public sector.

## 4 Facts – scope and distribution of Norwegian assistance for good governance and anti-corruption

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### 4.1 Introduction

Concentration is an established principle of Norwegian development assistance and the Standing Committee on Foreign Affairs notes that spreading aid across too many geographic areas and countries can compromise quality and impair results. In Proposition to the Storting 1 S (2009–2010), the Ministry of Foreign Affairs noted that the number of activities in the governance area is significant, and that the Government will therefore initiate measures to concentrate its efforts.

The review in this audit shows that Norwegian assistance for good governance and anti-corruption is spread across a large number of countries and projects, as well as across almost all aid budget chapters. Low-income countries receive less than half of the support, and a small percentage goes to anti-corruption projects. The main channels for assistance are civil society organisations (NGOs) and multilateral institutions.

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### 4.2 Total governance assistance and geographic distribution

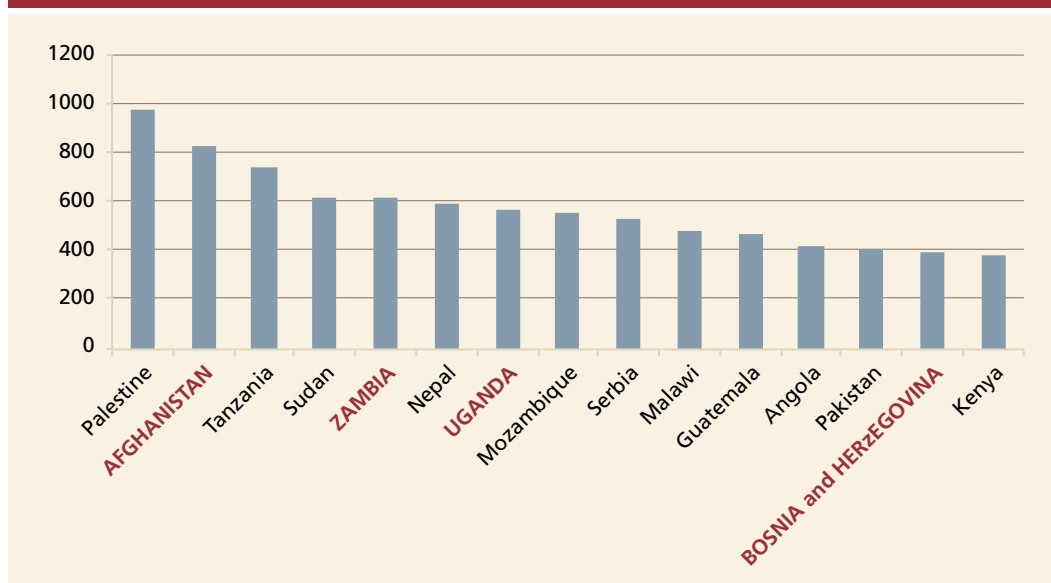
Total Norwegian development assistance in the period 2004–2013 was approximately NOK 235 billion. Of this, just over NOK 23 billion went to good governance and anti-corruption. Total development assistance increased steadily throughout the period, from almost NOK 15 billion in 2004 to almost NOK 33 billion in 2013. Support for good governance and anti-corruption has increased in line with overall development assistance and has remained at around 10 per cent of total aid throughout the period.

Africa is the region that has received the most governance assistance – 35 per cent, followed by Asia (19 per cent) and Europe (11 per cent), cf. Annex 1. Sixty per cent of the aid has gone to the least developed countries (LDCs) and other low-income countries, while 30 and 10 per cent have gone to lower- and upper-middle income countries, respectively.<sup>41</sup>

41) Allocations not tied to a particular recipient country, such as non-earmarked funds through multilateral agencies, are not included here. The total development assistance tied to specific recipient countries for the period is NOK 15.9 billion, which represents about 68 per cent of total assistance for good governance.



**Figure 5 Countries that have received the most development assistance for good governance, 2004–2013, in NOK million**



Source: Norad

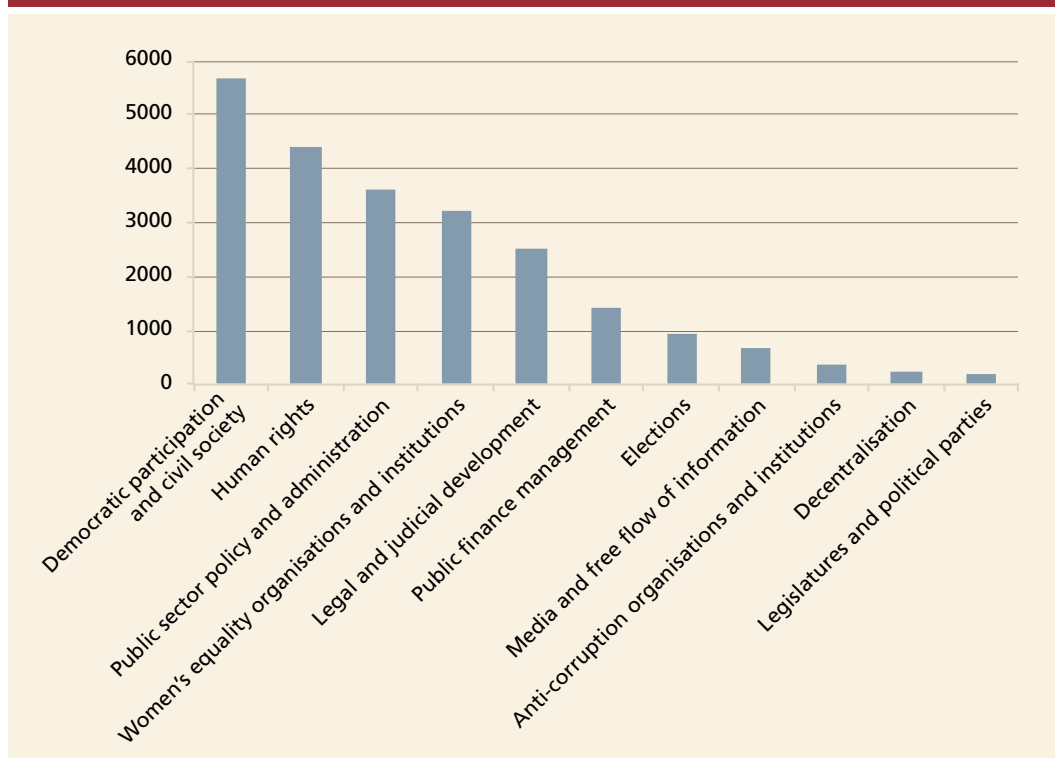
The fifteen countries that received the most assistance for good governance from Norway in the period, are shown in figure 5. Total assistance for good governance in the period ranges from NOK 386 million for Kenya to NOK 973 million for Palestine.

#### 4.3 Assistance for good governance by subsector and channel

Development assistance for good governance is distributed among 12 subcategories or subsectors. The distribution between these subsectors for the period 2004–2013 is shown in figure 6.<sup>42</sup>

42) The category "Public Administration Reform" in the figure is a combination of Subsector 10, "Public Sector Policy and Administrative Management" and 40, "Government Administration", which was discontinued after 2009. "Decentralisation ..." and "Anti-corruption" were not adopted until 2007. "Legislatures and political parties" was adopted in 2008.

**Figure 6 Development assistance for good governance by subcategories, 2004–2013, in NOK million**



Source: Norad

As shown in figure 6, democratic participation and civil society, with 24 per cent, represents the subsector with the largest share of all assistance for good governance, followed by human rights with 19 per cent. This shows that the aid has a rights-oriented approach. The third largest share is public administration with 16 per cent, followed by women and gender equality with 14 per cent. Support for public finance management and anti-corruption constitutes 6 per cent and 2 per cent, respectively. There are no significant changes in the distributions between the relevant subsectors. The share categorised as anti-corruption was, for example, two per cent for 2013 – the same as for the entire period.

Most of the assistance for good governance is channelled through multilateral partners such as the World Bank, regional banks and the UN, and through NGOs. Thirty-two per cent of the aid is channelled through multilateral organisations. Forty-eight per cent goes through NGOs, of which 30 per cent is through Norwegian organisations, 12 per cent through local organisations in the recipient countries and 7 per cent through international NGOs. The authorities and public sector in recipient countries receive only 9 per cent.

#### **4.4 Distribution by number of countries, projects and budget chapters**

The number of agreements for governance and anti-corruption projects has increased from 1,487 in 2004 to 1,720 in 2013.<sup>43</sup> The number of agreements per country for the 15 countries that received the most aid in this period, ranged in 2013 from 10 in Sudan to 58 in Tanzania.

43) Recently published figures from Norad (April 2015) show that the number of agreements in 2014 was 1,750.



**Table 2 The number of agreements for governance assistance in selected countries, annually in the period 2004–2013**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Afghanistan</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>23</b>	<b>27</b>	<b>23</b>
Ministry of Foreign Affairs	13	13	13	18	21	23	19	16	19	17
Norad	9	9	10	9	8	8	8	7	8	6
<b>Bosnia and Herzegovina</b>	<b>49</b>	<b>40</b>	<b>41</b>	<b>30</b>	<b>25</b>	<b>22</b>	<b>17</b>	<b>23</b>	<b>32</b>	<b>44</b>
Ministry of Foreign Affairs	49	40	41	30	25	22	16	21	31	43
Norad							1	2	1	1
<b>Uganda</b>	<b>28</b>	<b>28</b>	<b>25</b>	<b>25</b>	<b>21</b>	<b>20</b>	<b>26</b>	<b>34</b>	<b>24</b>	<b>23</b>
Ministry of Foreign Affairs	11	15	16	16	13	12	14	20	10	7
Norad	17	13	9	9	8	8	12	14	14	16
<b>Zambia</b>	<b>22</b>	<b>20</b>	<b>22</b>	<b>33</b>	<b>33</b>	<b>44</b>	<b>40</b>	<b>35</b>	<b>41</b>	<b>42</b>
Ministry of Foreign Affairs	18	14	17	22	18	16	10	9	7	6
Norad	4	6	5	11	15	28	30	26	34	36
<b>Totalsum</b>	<b>121</b>	<b>110</b>	<b>111</b>	<b>115</b>	<b>108</b>	<b>117</b>	<b>110</b>	<b>115</b>	<b>124</b>	<b>132</b>

Source: Norad

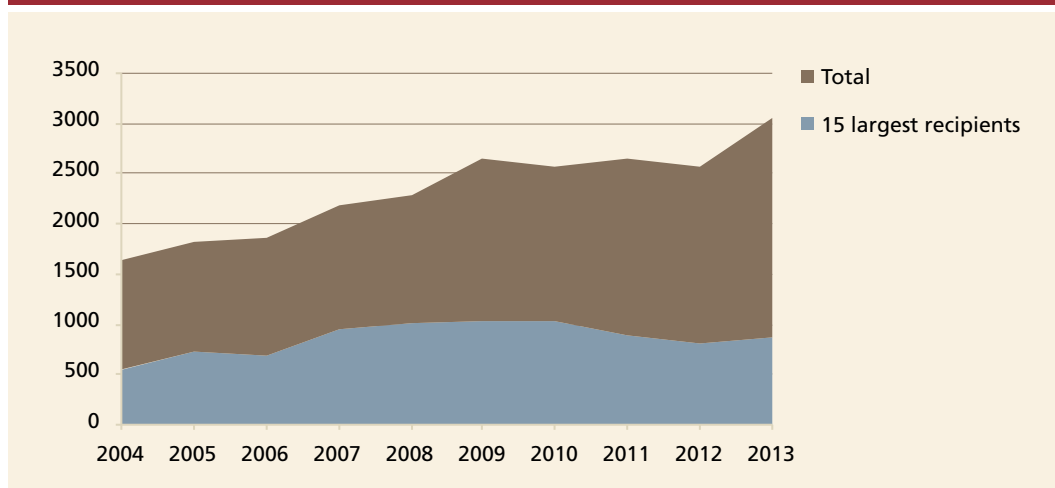
Table 2 shows the number of agreements annually administered by the Ministry of Foreign Affairs and Norad and apply to the four countries in the audit.<sup>44</sup> Development over time is different between countries. The number of projects has increased in Zambia. Here, the Ministry reduced the number of projects from 18 to 6 in the period 2004–2013, while Norad increased from 4 to 36 projects in the same period. In Bosnia and Herzegovina and Uganda, the number of projects remained relatively stable, although Bosnia and Herzegovina saw a reduction at the start of the period and an increase again at the end. The Ministry of Foreign Affairs manages all of the projects in Bosnia and Herzegovina except for one, while Norad administers most of the projects in Uganda. In Afghanistan there was first an increase in the number of projects up to 2009 as a result of a sharp increase in aid. Since then the number has again fallen.

The number of countries that have received aid for good governance increased from 87 in 2004 to 97 in 2013. A total of 114 countries received support for good governance in one or more years throughout the period. This represents about 70 per cent of all non-OECD countries. Fifty-nine per cent of these 114 recipient countries received assistance in all years in the period. Of the 97 countries that received support in 2013, 35 were low-income countries, 31 lower-middle income countries and 31 upper-middle income countries.

Support for good governance and anti-corruption in the period 2004–2013 was allocated via 16 different chapters of the budget. The Ministry of Foreign Affairs has a total of 17 budget chapters for development aid. In 2013, funding was allocated via 14 chapters. The largest chapters are *Civil society and democracy development* and *Development assistance to Africa*, which accounted for 21 and 20 per cent, respectively. They are followed by *Peace, reconciliation and democracy* (15 per cent) and *Aid, humanitarian assistance and human rights* (10 per cent).

44) Projects managed by the Peace Corps and the Office of the Auditor General, respectively, have been omitted to simplify the presentation. In 2013, the Peace Corps had seven projects in Uganda and three in Zambia. The Office of the Auditor General had one project in Uganda and one in Zambia.

Figure 7 Assistance to the fifteen largest recipient countries and total governance assistance



Source: Norad

Figure 7 shows that the development of support for good governance increased from just over NOK 1.6 billion a year to more than NOK 3 billion, an increase of 87 per cent from 2004 to 2013. Funding for the 15 largest recipients, however, increased from NOK 550 million to NOK 865 million, an increase of 57 per cent. This shows that the increase has been spread across several countries, with less concentration on the largest recipients.

The Ministry of Foreign Affairs lists several factors that can explain that governance assistance during this period has been distributed to more countries than before, that the number of agreements has increased, that the share of assistance for anti-corruption is low, and that a small proportion of aid goes to recipient country authorities. Firstly, governance and anti-corruption measures can consist of targeted efforts within aid to other sectors, such as health, education and natural resource management, to enhance the effect of such sectoral aid. In statistics, it may appear as fragmentation.<sup>45</sup> In interviews, the Ministry moreover stated that the allocation for aid to civil society, which is administered by Norad, is not to be distributed according to geographic criteria. Concerning the distribution by channels and subsectors, the Ministry stated that this must be viewed in conjunction with the Paris Declaration on Aid Effectiveness. Here, donors such as Norway committed themselves to adapt to other donors' efforts and recipient country needs. In other words, the selection of subsectors and channels is increasingly governed by what is in demand rather than by an overall strategy of support for good governance and anti-corruption.

In an interview, the Ministry pointed out that there are no specific guidelines for selecting recipient countries for assistance for good governance and anti-corruption. It is therefore partly a coincidence that more than half of the recipient countries are in the middle-income country category. According to the Ministry, it is also simultaneously the case that it is more likely that the aid will have a positive effect if the recipient country's government institutions have already reached a certain level of robustness. Such countries are often in the middle-income category.

45) Letter from the Ministry of Foreign Affairs dated 12 February 2014.

## 5 Facts – effectiveness and sustainability

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### 5.1 Introduction

In the early years of governance reforms, there was an expectation in the international aid community that the introduction of multi-party elections, anti-corruption commissions and administrative reforms would lead to less corruption and better management, which in turn would lead to higher economic growth and poverty reduction. It eventually became clear that the expected impact of these reforms very often did not materialise (Munigi-Pippidi et al. 2011; Kaufmann 2010).

Recent research provides important explanations for why strengthening good governance in developing countries has proved so difficult. Governing elites exploit weaknesses in the management of public resources to acquire public funds which they use to maintain their power base (North et al. 2007). This is a characteristic of neo-patrimonial systems, i.e. systems based on personal connections and obligations rather than formal rules, and where it is often expected that those who have access to income (patrons), use the income to buy loyalty from their followers (clients) (Erdmann and Engel 2006). Researchers who argue in favour of this fundamental *political* explanation of the relationship between power structures, poor governance and persistently high corruption, believe that donor-funded *technical* projects have limited opportunities to successfully strengthen governance and reduce corruption (Acemoglu and Robinson 2012, pages 446–455; North et al. 2007).

This chapter examines the extent to which the objectives have been achieved for the projects that were selected in the four countries in the audit, and whether the results continue or will continue after the conclusion of the projects – whether the projects are sustainable. The audit covers 25 governance projects in subsectors such as public finance management, anti-corruption, the justice sector, women and gender equality, etc. The projects are shown in table 3 and are presented in more detail in Annex 2.

The vast majority of projects have a low degree of achievement at the outcome and impact levels. The picture is better as regards the output level, where the projects should be expected to have a reasonable control of delivery. The majority of the projects achieve the output level goals to a fairly high degree. Most of the projects have weak or uncertain sustainability.

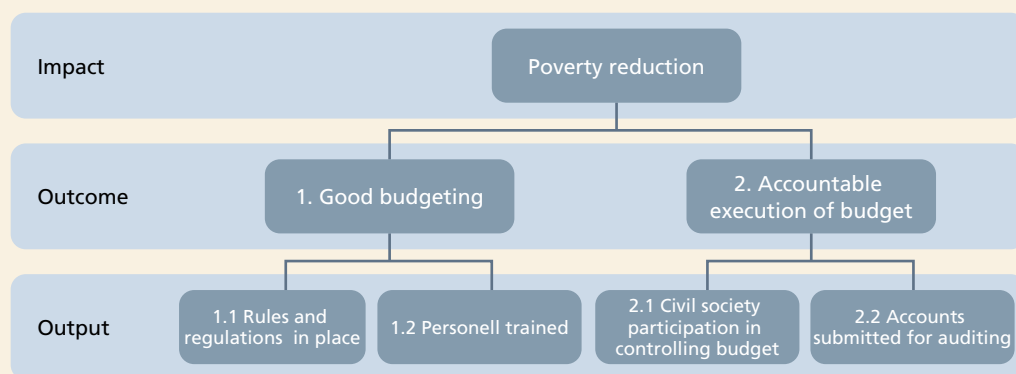
**Table 3 Overview of the audited governance projects**

Afghanistan	Bosnia-Herzegovina	Uganda	Zambia
Support for the operation and set-up of the Afghan Civil Service Institute (CSI)	Support for the Document Management System and System of Integral Protection of the Ministry of Foreign Affairs of Bosnia and Herzegovina (MFA/DMS)	Finance Management and Accountability Programme (FINMAP)	Establishment of Financial Intelligence Centre (FIC)
Basic funding for Afghanistan Independent Human Rights Commission (AIHRC)	Support for the Registry for War Crimes and Organized Crime of the Court and Prosecutor's Office of BiH (War Registry – WR)	Joint Budget Support Framework (JBSF)	Public Expenditure Management and Financial Accountability (PEMFA) programme
National Action Plan for Women in Afghanistan (NAPWA)	Public Administration Reform Fund (PARF)	Justice, Law and Order Sector (JLOS)	Institutional cooperation between the Norwegian Tax Administration and Zambia Revenue Authority (ZRA)
UNDP's Accountability and Transparency Project (ACT)	High Judicial and Prosecutorial Council (HJPC I)	Gender-Based Violence in Northern Uganda (GBV)	The Extractive Industries Transparency Initiative programme and Publish What You Pay Programme (EITI/PWYP)
UNDP/Afghanistan Sub-National Governance Programme (ASGP)	High Judicial and Prosecutorial Council (HJPC II)	Country Programme Uganda (Caritas)	Support for the Office of Commissioner for Children in the Human Rights Commission
Support for joint fund for strengthening civil society – Tawanmandi	Transparency International's local office in Bosnia and Herzegovina	Norwegian Association of Local and Regional Authorities' programme for Municipal International Cooperation (MIC)	Support for Joint Gender Support Programme (JGSP) with Gender In Development Division
			Umbrella organisation for women's organisations in Zambia – Non-Governmental Organisations Coordinating Council (NGOCC)

The projects are assigned a value for overall effectiveness, and degree of effectiveness at the *output*, *outcome* and *impact* levels. Box 1 and box 2 provide further explanation of these levels, the importance of good goal hierarchies or theories of change and reporting systems, as well as examples.

### Box 1 The importance of good change models, results frameworks and reporting systems

Good governance and anti-corruption programmes have high requirements for good contextual understanding, project design, implementation and follow-up, as well as strategies that can realistically be expected to lead to positive changes. All governance projects aim to achieve change in an institution or in an area, and ideally in a society. The way the project expects to achieve such change constitutes a *theory of change*. The diagram shows a simplified example of a goal hierarchy to reform public finance management.



Good regulations and individuals with expertise are expected to lead to better budgeting. At the same time, civil society participation in the budget process and auditing will lead to more responsible implementation of the budget. Better budgeting and more accountable implementation of the budget will contribute to national reduction of poverty.

The project will consist of input factors and activities that lead to the outputs. The inputs may include goods (computers and software) and expert guidance (courses and expert advisors). The outputs will then contribute directly to the results at the outcome level. Ideally, a project should have good control of effectiveness at the outcome level, but this can vary and also depends on how, or at what level, this is. This example provides better control over the quality of budgeting rather than implementation of the budget.

At the impact level, most projects will have limited control. Results can often occur outside the timeline for the project. Nevertheless, it is useful to consider the likelihood that the project has contributed to effectiveness at the impact level. Conversely, if there is little effectiveness, it may be appropriate to consider whether this is due to other factors (such as the international financial crisis, drought, etc.) or whether the failure to achieve effectiveness at the outcome level was also a contributing factor.

Indicators for measuring effectiveness are used for all three levels. Each indicator needs three types of data: baseline data, targets and goals. The indicators are included in the annual reporting:

- The baseline gives the value for the indicator before or at the start of the project.
- A target can be the value to be achieved at a project milestone.
- Goal is the indicator value to be achieved by the end of the project.

A project typically produces an annual report on developments at the output and outcome level with all of these indicators. Indicators at the impact level are updated when new data is available, which is not always every year.

## Box 2 Example of reporting on the basis of planned goals

The following example is from an annual report for 2013 for a project that runs from 2011 to 2015. Each of the goals shown in the change model in box 1 has been assigned an indicator. The annual report for 2013 is the second annual report for the project. The data from the previous annual report (2012) shows the development from the start of the project in 2011 (baseline). The highlighted columns show the project's status and progress in relation to the plan. Reported data show that the project is relatively well on track at the output level. Much of what was planned, has been carried out, but this has not yet had the expected effect at the outcome level. There are still relatively few ministries that submit their budget on time and fewer ministries than planned have auditor's reports without comments. Nevertheless, the change documented after the project started is significant.

### Annual reporting 2013 – five-year financial management report

	Indicator	Base-line (2011)	Reported data 2012	Reported data 2013	Target 2013	Goal 2015
<b>Impact level</b>						
Poverty reduction	% of the population living on less than \$1.25 per day	40		38	35	30
<b>Outcome level 1</b>						
1. Good budgeting	% of ministries submitting budgets on time	0	0	20	50	90
<b>Output level 1</b>						
1.1 Rules and regulations in place	System for policy-based budgeting in place	System not in place	Beta vers. under testing	System in place	System in place	
1.2 Personnel trained	% of budget managers trained in the system	0	20	80	75	100
<b>Outcome level 2</b>						
2. Accountable execution of budget	% of ministries without remarks from Auditor General	8	12	20	40	60
<b>Output level 2</b>						
2.1 Civil society participation in controlling budget	Number of budget hearings with civil society	2	5	6	10	16
2.2 Accounts submitted for auditing	% of ministries submitting accounts to Auditor General within 3 months of end of fiscal year	0	8	45	40	80

A good results framework makes it possible to assess progress and effectiveness in a project. For it to work optimally, there should be

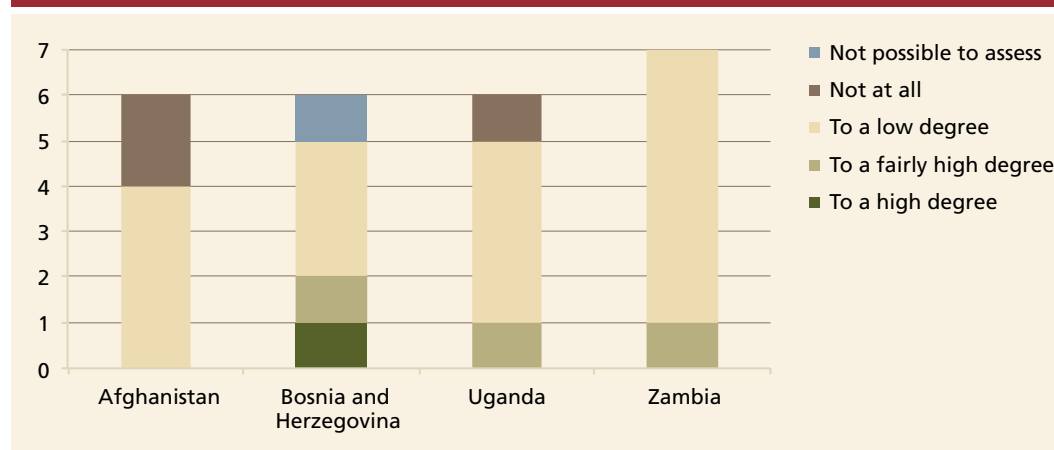
- a logical goal hierarchy where it is probable that the results at each level lead to the results in the above level
- specific and measurable indicators for each planned result
- regular reporting of what has been achieved in relation to planned results

All three points should be present to enable the grant manager to assess effectiveness.

## 5.2 Goal achievement

According to Norad's and the Ministry of Foreign Affairs' guide for results-based management, the outcome level represents the most important result level in assessing a project's goal achievement (Norad 2008). Figure 8 shows the goal achievement of the projects selected for the audit, broken down by country. It shows that only four of the projects achieved the goals at this level to a high or fairly high degree. Only one project has a high degree of goal achievement: Support for the state court in Bosnia and Herzegovina (Registry). Twenty of the projects have largely failed to achieve the objectives that were set for strengthening the institutions or organisations at which they are aimed and their ability to achieve their goals or exercise their function.

**Figure 8 Distribution of projects according to degree of goal achievement at outcome level (number of projects)**



Source: OAGN

The projects' degree of goal achievement at the impact, outcome and output level is shown in table 4.

**Table 4 Goal achievement in selected projects for good governance by goal level and country**

		High degree of goal achievement	Fairly high degree of goal achievement	Low degree of goal achievement	No goal achievement
Impact level	Afghanistan			4	2
	Bosnia and Herzegovina*	1		4	
	Uganda			4	2
	Zambia		1	3	3
Outcome level	Afghanistan			4	2
	Bosnia and Herzegovina*	1	1	3	
	Uganda		1	4	1
	Zambia		1	6	
Output level	Afghanistan		2	4	
	Bosnia and Herzegovina*	1	4		
	Uganda		3	3	
	Zambia		5	2	

\* One project in Bosnia and Herzegovina (PARF) could not be assessed.

Source: OAGN.

Goal achievement is clearly the best at the *output level*, where just over half, or 14 of the projects were considered to have a fairly high degree of effectiveness, and one project has a high degree of effectiveness. In other words, many of the projects have to a fairly high degree delivered the planned outputs, such as action plans, IT software, training of personnel and information campaigns. At the *impact level*, only two of the projects were assessed as having a high or fairly high degree of effectiveness.

**Afghanistan:** Four of the six projects in the sample have a low degree of goal achievement at the output, outcome and impact levels. In other words, the majority of the projects have largely failed to achieve the objectives as early as the first level where the project should be able to guarantee results. At the next level, outcome level, all six projects have low or no effectiveness.

**Bosnia and Herzegovina:** While the picture is more positive here, assessment is more challenging as many projects have a documentation and goal structure that, to a lesser extent than the other three countries, follows the norms specified in the Ministry of Foreign Affairs' guidelines and grant management manuals. Many of the justice projects have nevertheless submitted relatively specific reports, and this provided a basis for a discretionary assessment which found fairly good goal achievement at the output level. It was not possible to chart the effectiveness of one project because the content of the project was changed after the Ministry of Foreign Affairs granted support:

In 2012, the Ministry of Foreign Affairs decided to support the *Public Administration Reform Fund (PARF)* with a total of NOK 24 million over three years. The amount was to support 11 sub-projects for which PARF lacked funding. In 2012, PARF fully funded 14 other sub-projects with funds from other donors. The list of the 11 sub-projects was enclosed with the application from Bosnia and Herzegovina, but it has not been possible to find the list and descriptions of these sub-projects in the Ministry of Foreign Affairs' records. The Ministry manages PARF from Oslo.



After the allocation was given, PARF's board decided to modify the list of projects that were to receive funding, without being in dialogue with the Ministry of Foreign Affairs. In an interview, PARF's secretariat (PARCO) stated that new projects have been added and given higher priority, and several original projects have been changed or merged with others. The Ministry of Foreign Affairs related that there also had not been any dialogue between the Ministry and the Swedish International Development Cooperation Agency (SIDA), which has represented Norway on PARCO's board.

The Ministry of Foreign Affairs therefore does not know which of the original sub-projects are actually financed with Norwegian funds. The Ministry of Foreign Affairs cannot refer to reports that say something about the effectiveness of the sub-projects. Nor has it been possible to obtain a list of the sub-projects financed with Norwegian funds and results reports for these from PARCO, which provided only a list of completed and active projects.

**Uganda:** The analysis shows that goal achievement is, relatively speaking, best at the first level, where activities are to lead to *outputs*: Three of the projects have a fairly high degree of effectiveness at the *output level*. Only one project has fairly high effectiveness at the *outcome level*. At the impact level, four projects have a low degree of effectiveness, and two have no detectable effectiveness.

**Zambia:** One project (institutional cooperation between the Norwegian Tax Administration and Zambia Revenue Authority – ZRA) has a fairly high degree of goal achievement. The degree of effectiveness also varies between the three levels in Zambia. Five of seven projects have a fairly high degree of effectiveness at the output level, while at the outcome level, six of the projects have a low degree of effectiveness. Goal achievement is even weaker at the impact level. In other words, the main tendency in the sample is that the degree of effectiveness declines further down the results chain.

Boxes 3–5 provide examples of varying effectiveness among the projects in the sample.

### Box 3 Example of good effectiveness: development assistance to the Zambia Revenue Authority (ZRA)

The Norwegian programme for assistance to the Zambia Revenue Authority (ZRA) is assessed as having a fairly high degree of effectiveness, since the goals have been met to a great extent at the output, outcome and impact levels. The overall goal at the *impact level* is to increase the mining tax revenues' share of the gross domestic product (GDP) while maintaining investments, employment and value creation.

The four main goals at the *outcome level* are: 1. Increase the number, scope and follow-up of mining tax audits; 2. Increased efficiency in tax collection vis-à-vis major taxpayers; 3. Successful investigations and legal action aimed at major taxpayers, particularly mining companies; 4. Improved relations with major taxpayers and the mining sector. The activities and goals at the *output level* are to support these four goals through courses, practical training with assistance from seconded tax experts, IT investments, new routines and guidelines etc.

At the *output level*, the Authority – despite major recruitment challenges in the beginning – has come quite far in carrying out courses and training, executing tax audits of major mining companies, and with introducing a risk-based approach to tax auditing. The Authority has also come far with respect to IT investments, in addition to completing its own guidebook for tax audits of mining companies. A great deal has also been done to develop good relations with companies in the sector. The least progress so far has been made in the work on a system for monitoring the quantity and quality of mineral production. Some work also appears to remain as regards ZRA's capacity to institute tax proceedings.

At the *outcome level* the general impression – from reports and interviews – is that the scope of the tax reviews, tax audits and post calculations has increased. Tax revenues have also risen as a result. Since the control work now seems to function better, it can be assumed that this has also led to better compliance by the mining companies. ZRA cannot yet refer to any specific results concerning the execution of tax proceedings.

At the *impact level*, ZRA, according to the official figures, exceeded its overall goal of increasing the mining taxes' share of the GDP each year in the period 2011–2013. It has therefore been substantiated that the programme has also had a positive impact at the impact level. At the same time, because results for the target of maintaining investments, employment and value creation are not reported, the effects here are uncertain.



Copper is Zambia's main export product. The development assistance provided to the ZRA will strengthen its ability to collect taxes from mining companies

**Box 4 Example of project with low effectiveness: Anti-corruption project in Afghanistan (Accountability and Transparency – ACT)**

One of the projects Norway has supported in Afghanistan is the UNDP-led anti-corruption project, *Accountability and Transparency (ACT)*. The project started in 2007 and ran until 2012, with Norway contributing NOK 7.5 million in the first phase up to 2009.

The project had the following three components:

1. Improved institutional, legal and policy environment to support the implementation of anti-corruption policies and programmes
2. Enhanced integrity and accountability in pilot ministries and aid management
3. Increased awareness and understanding of corruption in Afghanistan

The first part was to map national legislation to identify deficiencies and deviations vis-à-vis UNCAC requirements, as well as propose a series of priority legislation reforms.

Furthermore, the project was to propose "options for institutional arrangements to steer and coordinate a national anti-corruption strategy",\* develop and implement a national system for monitoring the corruption situation, and develop strategic regional and international partnerships to learn from the experiences of other countries. The second component consisted of ethics initiatives in two ministries to start with, an examination of transparency and accountability in aid management, and an initiative for increased transparency and accountability in UNDP's own country office and its operations.

The third component included the start-up of a grant scheme to support civil society initiatives ranging from media and youth organisations to mapping and improvement of various notification and complaint schemes, and developing courses and materials for anti-corruption training.

The project was evaluated in 2011. The main conclusion was that the project had modest effectiveness in terms of both outputs and outcomes.\*\* The evaluation points out that the circumstances in Afghanistan made the working conditions highly challenging and had a major negative impact on the implementation of the project. The result was that *"most of the activities planned in the ACT project have not been delivered. Given this, the value of funds spent in comparison to the output delivered by the project is difficult to justify. The project did not respond and adapt to the important changes in the Afghan anti-corruption environment."*\*\*\*

\* Islamic Republic of Afghanistan, Ministry of Finance / UNDP Afghanistan: Accountability and Transparency Project, Jan 2007–June 2008. Proposal ID 000 45 444

\*\* There is no visible evidence of capacity building or establishment of any monitoring system in the High Office of Oversight and Anti-Corruption.

\*\*\* UNDP Accountability and Transparency (ACT) Project. Multi-Donor Evaluation. May 2011, p. 4.

#### Box 5 Example of partial effectiveness: document management system for the Bosnian Ministry of Foreign Affairs

Norway has funded the procurement and installation of software for efficient processing and sending of documents internally in the Bosnian Ministry of Foreign Affairs and between the Ministry and 52 embassies and consulates.\* The system was to also ensure automated electronic storage and filing of documents that would make it possible to quickly track and retrieve documents. The goal at the outcome level was improved working conditions for Ministry employees. At the impact level the goal was twofold: In the first place, it was a repetition of the goal at the previous level (working conditions), and secondly it was to provide "continued support to the government in Bosnia and Herzegovina".

The final report from the project concludes that the goal of procuring and installing the software has been met. However, during a field visit, the OAG was made aware that the foreign service missions lack scanners, and that the software can therefore not be used to streamline communication between the foreign service missions and the Ministry. Hard copies of documents are still sent as ordinary diplomatic post. Not until the documents physically arrive in Sarajevo are they scanned and electronically distributed to the units with responsibility for further administrative procedures.

Furthermore, the Ministry's archives have been digitised. Under the regulations, documents are protected from access even by Ministry staff. Staff who wish to retrieve a document from the archives must first apply for access from the responsible unit. The system has also facilitated an electronic document journal, but the journal is not public, and the public can therefore not use it to request access to documents.

Even though the document management system has been purchased, adapted and installed, these restrictions mean that the planned result at the outcome level has been met to only a marginal degree. It was impossible to discern these restrictions from the reports about the project, and they were not uncovered until the OAG's field visit and meeting with the grant recipient.

\* In addition, Norway was to fund the procurement of equipment for access control in the Ministry's building in Sarajevo. OAG's representative observed that the equipment was in place, but could conclude that it was ineffective: The persons who passed the equipment, triggered the alarm and continued entering the building with no further checking.

### 5.3 Sustainability and duration of results

One of the quality criteria for development assistance, c.f. OECD/DAC criteria for assessing aid, is whether it is sustainable – i.e. whether the benefits of an activity are likely to continue after donor funding has been withdrawn.

The initiatives in the audit have been mapped and assessed with respect to whether the results have continued or are likely to continue after the cessation of development assistance. Table 5 summarises these evaluations of the projects in the individual countries.

**Table 5 Sustainability in the sample of Norwegian-supported projects (number of projects)**

	Good	Weak	Uncertain
Afghanistan		5	1
Bosnia and Herzegovina	3	1	2
Uganda		2	4
Zambia	1	5	1
<b>Total</b>	<b>4</b>	<b>13</b>	<b>8</b>

Source: OAGN

The main trend for the countries as a whole is that sustainability is weak or uncertain in almost all of the initiatives. Most of the projects in Zambia and Afghanistan are assessed as having weak sustainability, while there is greater uncertainty for the sample in Uganda and several projects with good sustainability in Bosnia and Herzegovina.

In **Afghanistan**, the sustainability of many of the projects was threatened because there is little access to national personnel with sufficient expertise, or that the Afghan authorities have no means to retain personnel with an international salary level. For several projects, the evaluations subsequently conclude that weak sustainability is due to factors that include poor planning. In the final evaluation of the local government project – headed by UNDP (UNDP 2011b) – the evaluation deemed that the project was designed without regard to risk management, sustainability and an exit plan. The evaluation also shows that training centres ceased to function after donor funding ceased. The evaluation of the anti-corruption project points to a declining transfer of skills to employees on the government side, and that strained relations between the project management and the authorities led to a situation where the government did not support or prioritise the project (UNDP 2011a). According to the evaluation, there was a great risk that the results achieved would crumble after the project was completed.

Regarding sustainability, the situation is relatively positive for the justice projects in **Bosnia and Herzegovina**. On the one hand, the institutions that Norway has supported are now largely financed via the regular Bosnian fiscal budget, which strengthens the probability that the results and effects will continue. The projects have also built national expertise and become progressively less dependent on, for example, international judges and prosecution experts. The institutions are professionally attractive to young lawyers in the country, and salaries have been adjusted down to the national wage scale. The main threat to the justice system at the state level is that it is challenged by the political authorities at lower levels<sup>46</sup> who want to control the judiciary.<sup>47</sup>

The analysis shows that sustainability is generally weak in the projects in **Uganda**, and there is little discussion of sustainability in the project documentation. The documentation makes several references to the fact that the lack of political support for the projects' goals is a weakness. There is little indication that the Government will prioritise reform activities after the projects and project funding has ceased. The mid-term evaluation of the Finance Management and Accountability Programme, FINMAP, states that with the exception of the Office of the Auditor General in Uganda, institutions that receive support do not have the necessary financial resources or

46) So-called "entities".

47) Interview with the state court and courts administration, September 2014.

the expertise to continue reform efforts without outside assistance.<sup>48</sup> The project documentation for the Norwegian Association of Local and Regional Authorities' Municipal International Programme (MIC) shows that sustainability is weakened due to frequent turnover of staff.

In **Zambia**, most of the projects were judged as having weak sustainability. This is partly because civil society projects are mainly donor funded and without other sources of income. Two of the organisations in the sample are almost entirely dependent on support from Norway. However, it is unclear to what extent these projects have managed to create effects that will continue if funding is phased out. Most of the projects in the public sector are characterised by weak political ownership, which can lead to a lack of national funding, little support for necessary reforms, or marginalisation vis-à-vis other major public institutions. The documents for both civil society and public sector projects show that factors of importance for sustainability are generally not considered.

Boxes 6 and 7 provide examples of projects with good and weak sustainability, respectively.

**Box 6 Example of good sustainability: support for the state court and supreme prosecutors in Bosnia and Herzegovina**

The Registry project supporting the work of the state court and supreme prosecutors ("Registry") in Bosnia and Herzegovina took place in different phases, with a number of allocations from 2005 to 2012. Through economic and expert assistance, the objective was 1) to build national expertise and capacity to investigate and pursue war crimes, organised crime, economic crime and corruption, and 2) to ensure prosecution in line with international standards. Before the final phase of the project, the donors were concerned that the project proposal did not reflect a planned phase-out of international financial or expert assistance, but instead called for continued aid dependency. As a condition for further support, the Bosnian authorities were therefore required to establish a strategy for phasing out international judges and prosecutors and financial support.

The project has successfully replaced all international judges and prosecutors with national candidates. The final evaluation pointed out that the international judges and prosecutors funded through the project were primarily used to help catch up with the backlog of court cases rather than providing training. Some concern about sustainability was therefore expressed in the evaluation. However, over a year after completion, the court and supreme prosecutors continue to cite good results as regards case production and all international judges and prosecutors have been replaced with national staff.\* Strengthening the state court and prosecuting authority has also bolstered the expertise of the lower courts. The state court is considered to be an institution with a high degree of independence and legal expertise compared with other state institutions in Bosnia and Herzegovina and with other corresponding courts in the region. The state court is largely funded through the regular fiscal budget.\*\*

\* The OAG's field visit to Sarajevo, September 2014.

\*\* Interview with the state court, September 2014.

48) MFPED 2013, pages 61–62. See also page 8: "While there is generally close attention to the building of capacity within GOU to progressively dispense with external technical assistance, there is no overall plan or commitment by GOU to take over the funding of activities by 'mainstreaming' them within its budget."

**Box 7 Example of weak sustainability: support for civil society organisations for transparency on the extraction of natural resources**

The Extractive Industries Transparency Initiative (EITI) and Publish What You Pay (PWYP) programme – which is supported by Norwegian Church Aid – is carried out under the direction of three different church organisations, one of which is the Evangelical Fellowship of Zambia (EFZ). The main objectives of the programme are to boost the capacity of civil society and grassroots organisations, enabling them to exert influence on central authorities to implement the EITI standard in Zambia, and to make the population in local communities more aware of the environmental impacts and revenue flows from resource extraction in their vicinities.

The fact that the programme is being carried out by church organisations is in itself an advantage in terms of sustainability, since the church – to a greater or lesser extent – has a permanent network of volunteers scattered throughout the country through the congregations. Beyond this, it appears that EFZ has paid little attention to the permanence of the results of the programme. None of the project plans for the years 2011–2013 bring this up as an issue, and there is very little reporting about it. Only the progress report for 2011 touches on the subject, and then very briefly. The report mentions income from sources including membership fees from churches and sales of wood products and clothing produced by some of the church schools, but does not provide further details. The project documents point out that Norwegian Church Aid has funded the entire programme since 2009, without going into detail about sustainability. Norwegian Church Aid confirmed in an interview in 2014 they still had no strategy for phasing out support for the programme.

In the progress report for 2011, and in interviews, EFZ also noted that their capacity-building activities have a sustainability dimension through transferring skills to participants. Based on the report, which is largely qualitative and narrative in form, it is, however, difficult to form a picture of how much expertise is actually transferred and how lasting this expertise is. In the progress reports for 2011 and 2012, EFZ itself also pointed out that they have a problem getting people to voluntarily come to their events – where they are met with demands for being paid a sitting allowance – but here too no further details are provided with a view to being able to continue the activity.

One of the main purposes of the EFZ project is to make the local population more aware of the harmful effects of the way they currently utilise forest resources in order to persuade them to switch to more sustainable forest management. So far, however, EFZ has offered no credible alternative livelihood to the affected local communities, making it very difficult to achieve a shift in the direction of sustainability.

## **5.4 The embassies' general assessments of the effect of development assistance on governance**

**Afghanistan:** The embassy in Afghanistan believes that it is difficult to assess the extent to which the aid has contributed to a positive change in governance. With assistance provided through multilateral programmes, bilateral initiatives and military presence, aid has become fragmented, and is neither comprehensive nor sustainable. The development assistance was designed with little consideration for traditional social structures in Afghanistan. The manner in which much of the aid and the military presence have been organised has also provided many opportunities for private enrichment and corruption. While greater emphasis has gradually been placed on control systems, it has taken ten years of international engagement to get to this point.<sup>49</sup>

49) The embassy's answers to the questionnaire, October 2014.

**Bosnia and Herzegovina:** In an interview, the Western Balkans Section at the Ministry of Foreign Affairs noted that there is very little effectiveness at the impact level in Bosnia and Herzegovina; too little has happened with regard to political and economic development in the country since the peace settlement in 1994. In some areas, however, more has happened. The state judiciary has been consolidated, and Norway has earned a good reputation for its efforts. In an interview, the embassy in Bosnia and Herzegovina stated that it is difficult to evaluate and predict the sustainability of Norwegian development assistance for good governance and anti-corruption, citing the legal sector as an example. This sector has received considerable support and has been considered a success to date. Its sustainability is nevertheless threatened by political actions that undermine the jurisdiction of the Bosnian court administration. A lack of political will could represent a real risk that the results of the good governance and anti-corruption projects will not continue.

**Uganda:** The embassy in Uganda highlighted the importance of assistance for building regulatory bodies that are important for good governance and anti-corruption, such as the Ugandan Office of the Auditor General, anti-corruption agency and Human Rights Commission. But the embassy also pointed out that these organisations have limited influence due to the top political leadership's unwillingness to change. It is therefore difficult to judge the impact of governance assistance, and Uganda has evolved towards a more authoritarian government.<sup>50</sup>

**Zambia:** In an interview, the embassy in Zambia underlined that all aid must last for a while and be of a certain size before one sees results. The embassy is pleased with the results of the institutional support that has been granted over time to the Zambian Office of the Auditor General and the tax administration, and believes that it can cite results at the output and outcome level. However, the extent to which this produces results at the impact level and has led to an actual improvement in standards, good governance and anti-corruption is difficult to assess.

50) The embassy's answers to the questionnaire, October 2014.



## 6 Facts – management of development assistance for good governance and anti-corruption

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### 6.1 Division of responsibility and management by the embassies

Primary responsibility for managing bilateral good governance and anti-corruption assistance projects is assigned to the embassies. This applies to three of the countries in the investigation: Afghanistan, Uganda and Zambia. As regards Bosnia and Herzegovina, the responsibility is split between the embassy and the Western Balkan Sections<sup>51</sup> in the Ministry of Foreign Affairs. About 80 per cent of the funds have been managed from the Ministry in Oslo, whereas the embassy in Sarajevo manages funds for smaller projects to support the development of a civil society. Norad administers the allocation over chapter item 160.70 *Civil society*, which amounted to NOK 1.4 billion in 2014.

As shown in Chapter 4.1, governance projects are financed with funds from nearly all of the Ministry of Foreign Affairs' budget chapters for assistance. The embassies that normally administer these projects, must therefore deal with far more chapter items than before, when regional allocations were dominant. In an interview, the Ministry of Foreign Affairs stated that the expanding scope of the global programmes has complicated administration at the country level.

So-called scheme regulations have been developed for the different grant schemes that are financed over the different budget chapters. The most important scheme regulations for governance assistance apply to regional allocations, human rights, women and gender equality, transitional assistance, as well as peace and reconciliation measures in the Western Balkans. The scheme regulations list goals, criteria for effectiveness, award criteria and review and follow-up of grants allocated through the scheme. The regulations amount to a bridge between the annual budget propositions, which state the financial framework conditions and annual priorities, and the Ministry's Grant Management Manual, which aims to ensure consistent practice and that the Ministry's grant management satisfies formal requirements.<sup>52</sup>

In an interview, the Ministry of Foreign Affairs pointed out that the process surrounding the annual plan is a crucial element in the formal management dialogue between the Ministry of Foreign Affairs and the embassies. The most important documents in the management dialogue are

- a) *The annual instructions*, which apply for all stations
- b) The Ministry's country-specific *orders for annual plans* for each embassy
- c) The embassies' *annual plans* and reporting of results
- d) The Ministry's *allocation letters* to the individual embassies
- e) *Revolving three-year plans* which, until they were phased out in 2012, were also a key part of the management dialogue for embassies under the Department for Regional Affairs' management responsibility, for example Afghanistan, Zambia and Uganda

51) This section was recently renamed as the Section for South East Europe.

52) Letter from the Ministry of Foreign Affairs to the OAG dated 12 February 2014.

The annual instructions provide the paramount guidelines and an overall description of the general policy in the development aid area, whereas the country-specific allocation letters and annual plans provide a more concrete description of the strategic approach in each individual country.

Other documents that are relevant in this context include the Department for Regional Affairs' annual order for descriptions of the situation and results report from the embassies. Norad's management reviews of the embassies, i.e. verifications of whether the management of aid funds takes place according to the guidelines, are also part of the basis for the Ministry's administration of the embassies.

Furthermore, regional meetings and gatherings for personnel from different Norwegian embassies within a region and from the Ministry in Oslo, are also important for the management dialogue. Leading up to 2010, such meetings were held twice each year, whereas they are now held once each year. This is in addition to continuous, more informal dialogue and instructions to the missions throughout the year. The scope of the contact between the Ministry and embassy beyond the formalised dialogue varies from mission to mission. The dialogue with the embassy in Kabul is an example of more-than-normal contact, e.g. as a result of specific processes in connection with donor coordination, reports to the Storting, etc.

Special events can trigger an immediate need to adjust policy in certain areas. Such instances that occur on an ad hoc basis, may also become part of the annual management dialogue if the problem in question is politically important and persistent. In such situations, the Ministry and embassy will discuss the commitment in the relevant country over the longer term, and if necessary adjust the course based on the applicable annual plan.

Within the framework of the paramount guidelines and management signals, the embassies largely identify relevant measures and partners themselves. As the embassies have the best overview and local insight, the Ministry does not find it appropriate to micro-manage the embassies.

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## **6.2 Addressing paramount goals and strategies for Norwegian aid for good governance and anti-corruption – globally and at the country level**

Improving governance and fighting corruption largely involves developing strong and effective institutions, which in most developing countries requires extensive and long-term efforts and substantial technical and financial assistance. The Ministry of Foreign Affairs' aid for good governance and anti-corruption therefore requires a targeted and strategic perspective.<sup>53</sup> The Ministry must plan in both a one-year and multi-year perspective in order to ensure that established goals and results requirements are met in an effective manner.<sup>54</sup>

### **6.2.1 Goals and strategies at the global level**

In an interview, the Ministry of Foreign Affairs states that it does not have a comprehensive, written strategy for its work on aid for good governance and anti-corruption. At the same time, the Ministry points out that important documents in the area – primarily Storting propositions and white papers, from Report no. 35 (2003–2004) to the Storting and up to today, provide a fairly clear vision of what a society characterised by good governance will look like. Even though the Storting documents do not

53) Report No. 35 (2003–2004) to the Storting, pp. 131, 135 and 146.

54) Section 9 of the *Regulations on Financial Management in Central Government*.

present a clear model, the Ministry states that a Nordic social model includes many different elements. The more implicit strategies that follow from this paramount vision are strengthening of state institutions, political dialogue with the authorities and state-to-state aid, as well as safeguarding the balance between state institutions and civil society organisations.

In a letter, the Ministry of Foreign Affairs states that strategy documents, action plans and white papers do exist for some of the many governance subsectors, but not all. The Ministry also asserts "that references to Proposition to the Storting 1 S make up an important part of the annual allocation system for the foreign service missions. Strategic guidelines for good governance can also be found here."<sup>55</sup>

Report No. 35 (2003–2004) to the Storting is the most comprehensive white paper as regards the Norwegian authorities' policy for good governance. This white paper is not referenced in the governing documents in connection with good governance and anti-corruption.

The analysis of the governing documents otherwise shows that, in general, the Ministry's paramount goals and strategies in this area are only marginally addressed. In 90 per cent of the instances where good governance is mentioned,<sup>56</sup> there is no mention of the Ministry's *goals and strategies*, whereas they are briefly mentioned in 10 per cent.<sup>57</sup>

What primarily points toward a form of strategy in the documents, emerges in the Ministry's feedback on three-year plans for embassies in Africa and Asia for the years 2009–2011. The primary signal in these three years is greater concentration of the governance portfolio, in part by focusing on areas where Norway can make a difference, and in part by incorporating governance into other projects. The Ministry does not provide more detailed guidance in the documents as to how the embassies should do this in practice.

### **Anti-corruption**

Anti-corruption is described as one of many parts of the work for better governance in both Report No. 35 (2003–2004) to the Storting and Report No. 13 (2008–2009) to the Storting, while the elements of good governance – e.g. an independent judiciary, a free press and a freedom of information act which ensures transparency in public administration – are important in order to combat corruption. The review of the governing documents shows significant variation as to whether good governance is viewed in the context of anti-corruption. The lack of such context is also mentioned in the Joint Evaluation of Support to Anti-Corruption Efforts (Norad Report 6/2011).<sup>58</sup> In many instances, good governance and anti-corruption are also addressed separately. It has therefore been necessary for the analysis to distinguish between mentions of good governance and anti-corruption.

In all of the governing documents that mention or discuss anti-corruption, there is no mention any such goals and strategies for the work on and aid for anti-corruption in eight of ten instances, they are very briefly mentioned in less than one of ten documents, whereas they are addressed quite extensively in one of ten.

In those instances where paramount goals and strategies for the anti-corruption area are addressed *quite extensively*, these are mainly references to the United Nations

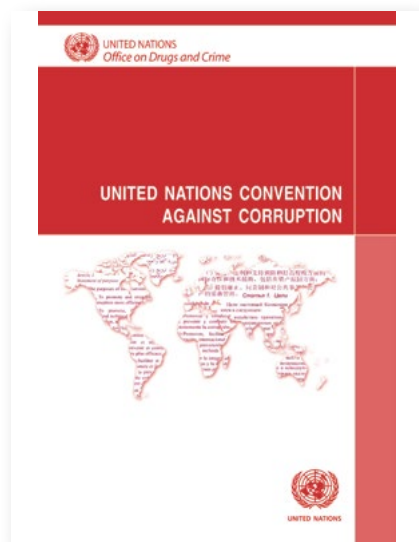
55) Letter to the OAG, 23 February 2015.

56) Governance in general or individual elements such as public administration, human rights, political parties, etc.

57) For a more comprehensive account of the coding of governing documents, see Chapter 2 and Appendix 3.

58) *Joint Evaluation of Support to Anti-Corruption Efforts 2002–2009*, p. 34, 72–73.

Convention against Corruption (UNCAC).<sup>59</sup> The embassies are asked to use UNCAC as a basis for their political dialogue, in collaboration at the sectoral level, and in planning development aid efforts. However, this is not expanded upon in any of the governing documents.<sup>60</sup>



The embassies are asked to use the UN Convention against Corruption as a basis for cooperation.

Development aid for implementing UNCAC involves both *direct* aid for specialised institutions for fighting corruption and for drafting legislation and rules, as well as *indirect* aid for projects to improve governance in the recipient countries. UNCAC lists the most relevant measures for improving governance, but this is not mentioned when reference is made to this Convention in the governing documents. At the same time, the embassies are asked to maintain contact with the Foreign Service Control Unit,<sup>61</sup> emphasise the integration of anti-corruption in ongoing and planned projects, as well as assess the corruption situation in the individual country as part of the assessment of applications for development aid funds.<sup>62</sup> In other words, a significant part of this is about the embassies' own financial management of the Norwegian development aid funds with a view towards preventing and uncovering irregularities in the use of these funds, i.e. anti-corruption at an *administrative* level.

When anti-corruption and implementation of UNCAC are mentioned in the governing documents, it is therefore sometimes unclear whether the Ministry of Foreign Affairs is referring to a) indirect policy measures through better governance, b) direct policy-measures through support for anti-corruption agencies/legislation, or c) administrative measures through financial management of the Norwegian funds. This also emerges in the Joint Evaluation of Support to Anti-Corruption Efforts (Norad 2011), which recommends more explicit and comprehensive anti-corruption strategies from the donor states, Norway included.

59) Allocation letters for the embassies in Lusaka, Kampala and Kabul for 2009 and 2010 and in the global annual instructions for 2012 and 2013.

60) The Ministry of Foreign Affairs' report of 10 June 2014 concerning follow-up of Norad evaluation 6/2011, states that U4 prepared a circular concerning UNCAC in the summer of 2010 aimed at the ambassadors concerning how the Convention can be used at the country level in the political dialogue. However, this circular is not mentioned in the relevant instructions.

61) Allocation letters for 2009 and 2010. The Foreign Service Control Unit is the Ministry's supervisory body for the management of funds on the Ministry's budget and is responsible for following up suspicions of financial fraud linked to the funds managed by the Ministry.

62) Annual instructions for 2012 and 2013.

### 6.2.2 Goals and strategies at the country level

The review of the embassies' and the Western Balkans Section's planning documents<sup>63</sup> shows that more than half of the documents that mention good governance, also provide fairly extensive descriptions of goals and policy instruments. This is most clearly expressed in the three-year plans, which often contain a table of selected goals in the governance area, associated Norwegian contributions or policy instruments and factors that may prevent goal attainment. The review of the documents that describe goals and policy instruments shows that they rarely address anti-corruption in a strategic context.

However, the goals presented in the tables in the three-year plans, appear to be highly independent of each other, i.e. they do not appear to be elements in a comprehensive framework. The descriptions of goals, policy instruments and risk are also very general throughout. The tables illustrate a paradox in governance assistance, namely that the goals – in accordance with the Paris Declaration<sup>64</sup> – are presented as the recipient country's own, while lack of political will to implement the measures is listed as one of the most important risk factors.

The lack of a comprehensive framework and strategies is also confirmed in interviews with the embassies in Sarajevo and Lusaka. The embassy in Sarajevo states that it has no overall strategy for its work on good governance and anti-corruption in Bosnia and Herzegovina. Neither does it receive detailed guidelines from the Ministry, beyond what emerges from the governing documents in question and relevant Storting documents.

The embassy in Lusaka also lacks a dedicated country strategy for its work on good governance and anti-corruption. However, the embassy points out that it is no longer the case that Norwegian aid to individual countries is determined by a comprehensive strategy vis-à-vis these countries. According to the embassy, this is a consequence of the overall orientation of Norwegian aid, which in most white papers is thematic, and where Norwegian priorities are thus decided in part based on the subsector/sector, in part on the basis of which collaborative channel is used, and in part based on which countries will receive the aid. This is perceived by the embassy as confusing and difficult to apply in a strategic manner. This top-down approach means that needs in individual countries are less emphasised.<sup>65</sup>

In an interview, the Ministry of Foreign Affairs states that, although Norway and the individual missions do not have specific long-term strategies for the work on governance and anti-corruption, the vision of creating a society with elements from a Nordic model is still the point of departure. The work in this area is not as fragmented as it may appear when viewing the individual documents separately. In practice, this is a coherent policy. The political, financial and security situation in many of our partner countries can change quickly, while Norwegian priorities can change along with the political leadership. In the Ministry's view, long-term strategies for efforts in individual countries are therefore not necessarily appropriate. The long-term perspective is preserved e.g. by entering into multi-year agreements with partners.

In an interview, the Ministry refers to the fact that there is a dedicated white paper for the Western Balkans (Meld.St. 17 (2010–2011)), which addresses governance and anti-corruption in a separate chapter. In addition to anti-corruption in a more general sense, reforms within the justice sector and the courts are particularly emphasised as

63) Three-year plans / strategic plans for 2008–2014 (most recent plan for the 2012–2014 period), annual plans for 2008–2013 and allocation memoranda for Western Balkans, including Bosnia and Herzegovina for 2010–2013.

64) Refers to the OECD's Paris Declaration on Aid Effectiveness (2005) and processes aimed at implementation thereof.

65) Interview with the Norwegian embassy in Lusaka, 19 May 2014.

topical focus areas. A separate Western Balkans strategy was furthermore prepared for the 2010–2014 period, in which institutional development is one of the key focus areas, and where the establishment of independent public supervisory bodies is mentioned specifically in addition to the justice sector.

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### 6.3 Country-level analyses of main challenges for good governance and anti-corruption

Contributing toward improving governance and combating corruption in vulnerable states requires insight in national circumstances, a long-term perspective and systematic development of good country expertise.<sup>66</sup> This entails that the embassy – when it prepares its plans and selects its projects – takes a point of departure in political and financial power structures, local needs and the main challenges with regard to good governance and anti-corruption in the host country.

The central governing documents have been analysed as regards how they address the main challenges in the work on governance and anti-corruption in the host country.

#### 6.3.1 Addressing governance challenges

The analysis shows that when the governing documents mention governance, they do not address the national challenges in eight of ten instances, they are mentioned in keyword form in one of ten instances, and they are addressed fairly extensively in one of ten instances. Only the three-year plans discuss governance challenges to a fairly great extent.

The discussion of governance challenges in the three-year plans addresses both institutional and political-economic conditions. The descriptions are consistently at an overall level. Where Norway's effort in the governance area is mentioned in the three-year plans, it is not related to the main challenges in the countries concerned, as they are described in the same documents.

#### 6.3.2 Addressing corruption challenges

National challenges with corruption are not discussed at all in most of the documents in which corruption is mentioned. In those instances where it is mentioned, it is done in keyword form in one of ten instances. Mention in the *fairly high degree* category also involves around one in ten cases. In other words, discussion of corruption-related challenges follows the same pattern as in the governance area. The same applies to the breakdown of the different types of documents: corruption-related challenges are primarily mentioned to a fairly high degree in the three-year plans.

The discussion of corruption challenges in the three-year plans also touches on institutional and political-economic conditions. As for good governance, the descriptions are consistently at an overall level, and they often concern a lack of political will to implement appropriate measures and reforms. The general lack of comprehensive and knowledge-based analyses of the corruption situation in the recipient countries is also confirmed in the Norad evaluation (Norad 2011), which points out that these factors make it difficult for donor countries to provide persuasive guidance on how corruption should be fought in a comprehensive manner.

66) Report No. 13 (2008–2009) to the Storting, p. 62; Report No. 35 (2003–2004) to the Storting; Recommendation No. 269 (2008–2009) to the Storting.

### 6.3.3 Analyses of the governance and corruption situation

In interviews, the embassies confirmed the partial absence of more comprehensive and knowledge-based analyses of both the governance and corruption situation in the countries concerned. The embassy in Sarajevo related that it does not prepare its own contextual or political economy analyses with respect to the governance and corruption situation in Bosnia and Herzegovina. It is aware that such analyses are prepared by other donors that have greater capacity than the Norwegian embassy. The embassy relies largely on information from dialogue with other donors and organisations, governments and politicians in the country. In addition it receives information through seminars and in reports prepared by the relevant international organisations, such as UNODC's corruption investigation from 2011 and reports from Transparency International in Bosnia and Herzegovina. In 2012, the embassy also prepared a Norwegian interest analysis which concludes with strategic priorities for the next three years for cooperation with national authorities and international partners. The Ministry of Foreign Affairs confirms the usefulness of external reports, particularly the EU's annual reports on the situation in Bosnia and Herzegovina. A 2009 report commissioned by the Agency for Public Management and eGovernment (DIFI) on possible orientation of support for governance in the Western Balkans is an example of measures that laid the foundation for strengthening expertise in the responsible section.

The embassy in Lusaka does not prepare its own separate analyses of the situation for good governance and anti-corruption in Zambia. The embassy believes that this would not have been practical. Firstly, Zambia itself prepares its own development plans and its own poverty reduction policies that Norway's development assistance must adhere to. Secondly, experience has shown that major country analyses entail considerable work and produce few results. In this regard, the embassy points out that, through aid, Norway only deals with a limited area in any case. The embassy also related that it exchanges experiences with other embassies, international organisations, governments, political parties and civil society actors. It also follows media coverage and keeps itself updated through policy reports and analyses. The embassy also points out that the major countries perform various types of analyses of the political and economic context in Zambia and that many of them provide the embassy with relevant information.

The embassies in Sarajevo and Lusaka relate that they report on an ongoing basis to the Ministry about contemporary political and economic conditions, including on issues related to governance and corruption.

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### 6.4 Discussion of governance and corruption challenges in the embassies' reports

The review of the embassies' *reports* to the Ministry in Oslo – i.e. the biannual political-economic reports, annual reports and annual results reports – show that the main challenges of governance are discussed to a greater extent in these documents than in the governing documents. Where governance is discussed, it is discussed to a fairly high degree in just under half of the cases. The picture is almost identical when it comes to discussion of the main challenges of corruption.

The discussion of governance and corruption challenges in the semi-annual political-economic reports and in the annual results reports sometimes goes quite a bit further than the three-year plans in describing both institutional and political-economic conditions. For governance in general, these descriptions contain in part extensive examples of how electoral processes and parliamentary representatives are



manipulated, of political influencing of legal proceedings and the legal system, power struggles within governments, delaying constitutional amendment processes, undermining human rights in general and women's rights in particular, and on restrictions on organisational freedom and freedom of speech. Within corruption, examples are given of oversized and inefficient bureaucracy characterised by nepotism and bribery at all levels, the lack of progress in corruption cases, weak anti-corruption agencies and the failure to implement national anti-corruption programmes.

However, it is difficult to see how these reports have been used to plan Norwegian governance and anti-corruption efforts in the countries concerned. The embassies' annual plans are primarily oriented towards measures and projects and make limited mention of the recipient country's main challenges in improving governance and fighting corruption. From the annual plans, it is therefore difficult to see the context in which the Norwegian-supported projects are intended to function.

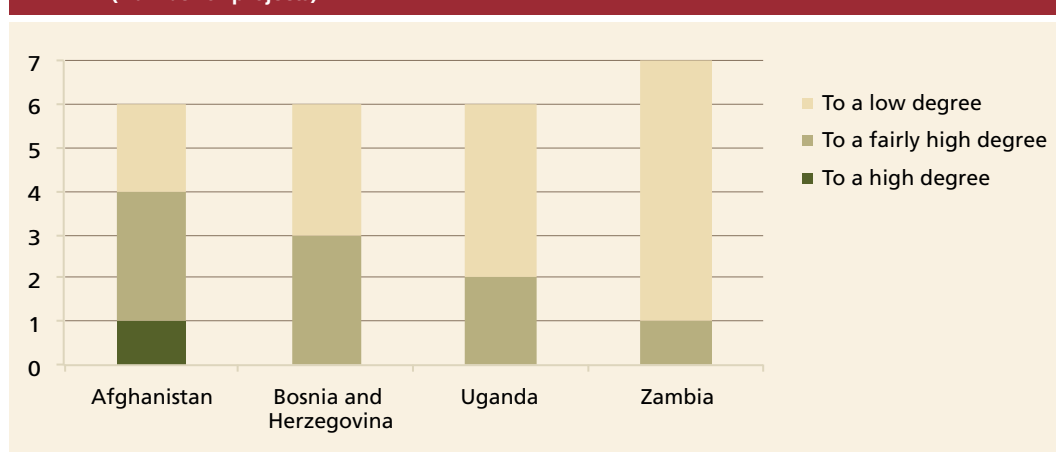
## 6.5 Planning and assessment of good governance measures

### 6.5.1 Contextual analysis and coordination with other projects

A good understanding of local conditions and contexts is important in planning good governance projects, since change processes in recipient countries are governed by political factors and processes that can render technically oriented measures ineffective. For efficiency reasons, it is important that donors coordinate this assistance well.

The planning documents<sup>67</sup> for all 25 projects were evaluated with regard to whether they review or discuss institutional and legal conditions and contexts, relevant political economy factors, earlier reforms and ongoing or past projects in the same area (contextual analysis). The criteria were met to a low degree in 15 of the projects. Figure 9 shows that contextual analyses for several of the projects in Afghanistan hold a higher level than is the case in the other three countries, where at least half of the projects are considered to have weak contextual analyses.

**Figure 9 Is there a contextual analysis and description of connection with other projects? (Number of projects)**



Source: OAGN

**Afghanistan:** The analysis of planning documents for the majority of projects in Afghanistan shows that they meet the criteria for contextual analysis to a fairly high or high degree. The planning documents have relatively extensive discussions and

67) Project document, external appraisal or decision document.



analysis of the context and challenges of realising the objectives of the projects. The-biggest weakness of the project documents as a whole is that half do not describe the extent or how the project is coordinated with other actors' aid projects within the same subsector.

**Bosnia and Herzegovina:** A common feature of the projects in Bosnia and Herzegovina is that they do not contain any mention of political economy and the importance of political-economic conditions for project design and effectiveness and sustainability risks; this is true despite the fact that the situation in Bosnia-Herzegovina is characterised as so-called "state capture", meaning that the state's institutions and legislation have evolved to serve only the narrow economic interests of a small political elite.

**Uganda:** The planning documents for two of the projects in Uganda have, to a fairly high degree, a satisfactory contextual analysis. These discuss earlier reforms and institutional context, but contain, to a lesser degree, a political economy analysis with a more thorough discussion of the issue of whether there is political support at a high level for the projects' goals. The other four projects have weak contextual analyses. For example, none of the three projects aimed at different types of capacity building at the local level have a description of the relatively complex Ugandan structure for local government management (see box 8).

**Zambia:** Most of the contextual analyses for projects in Zambia are weak and largely unsatisfactory. The review shows that only one contextual analysis is fairly satisfactory. All of the projects have a presentation of the historical background of the project along with a relatively general description of the problem at which the project is aimed. What is largely missing is a more detailed description of the institutional and legal context for the project, discussion of relevant political-economic conditions, and the connection to past or present related projects.

Box 8 and box 9 provide examples of two projects with weak and good contextual analysis, respectively.

#### Box 8 Example of weak contextual analysis: KS' cooperation project in Uganda

The objective of the Norwegian Association of Local and Regional Authorities' (KS) programme in Uganda – Municipal International Cooperation (MIC) – is to build capacity in partnership municipalities in Uganda. The budget for Uganda was NOK 2.4 million over three years. The country-specific contextual analysis presented in the project application, was limited to the following:

*In Uganda the 1997 Local Government Act gives effect to "devolution of functions, powers and services to all levels of local government to enhance good governance and democratic participation in and control of decision making by the people". \**

Local government in Uganda, which consists of five levels (*village, parish, sub-county, county and district*), is not further described. Nor are there any further descriptions of the municipalities selected for the cooperation.

\* Norwegian Association of Local and Regional Authorities: Application to Norad for support for the period 2011–2013, 30 September 2010.

#### Box 9 Example of good contextual analysis: fund for civil society organisations in Afghanistan

Together with the UK and other Nordic countries, the Ministry of Foreign Affairs provided NOK 30 million in support to the joint fund to strengthen civil society organisations in Afghanistan (Tawanmandi) in the period 2011–2014. The project document analyses the basic features of the Afghan state administration, governance challenges and the relationship between the government and citizens. Moreover, different forms of organisations in Afghanistan civil society are described. The possibilities and limitations of new and traditional organisational forms are assessed along with legal aspects and the act relating to civil society organisations. The document looks at how the state has lost much of its legitimacy, the need for a new political solution in Afghanistan, and how civil society organisations can help build a new political culture with a greater degree of inclusion and national unity, and that the authorities are increasingly being held accountable. The project's economic, social, political, institutional, security and environmental context is briefly assessed. Other donors' projects vis-à-vis civil society organisations are also presented. The need to cooperate and coordinate with other donors to learn and to avoid duplication is emphasised.

In an interview, the Ministry of Foreign Affairs stated that weak contextual analyses may be due to the fact that the embassy often feels that it generally has a good understanding of the context without providing further documentation. It is also conceivable that it is based on contextual analyses from other documents, but which the decision document does not directly refer to. Locally employed programme officers are more familiar with the context than the Norwegian envoys and may see even less necessity to put it in writing. At the same time the Ministry of Foreign Affairs believes that contextual analyses should be evident in the project documentation.

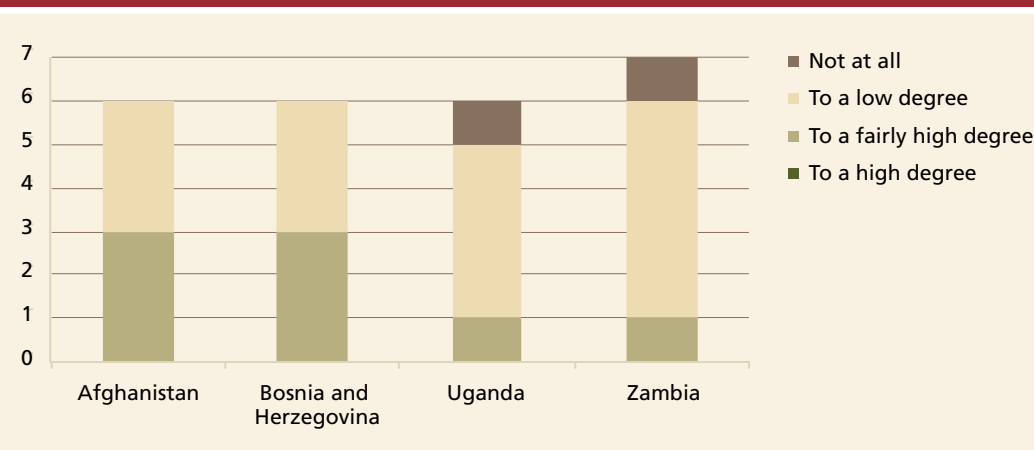
The Ministry also related that it is constantly working to improve this area and noted that Proposition to the Storting 1 S (2014–2015) contains several guidelines for development assistance reform. These include concentration of aid, improved systems and procedures for preparing political-economic analyses, analyses of the human rights situation in recipient countries, and developing country strategies.

#### 6.5.2 The quality of the goal hierarchy and results framework

An assessment has been made of whether the project plans have a satisfactory goal hierarchy: whether measurable goals have been formulated with a good logical connection between the goals at the different levels, and whether indicators have been established for the goals and related baseline and targets with which subsequent developments can be compared.

Figure 10 shows that none of the projects in any of the four countries meet all the results framework requirements. And only one-third of all the projects in the sample (8 of 25) have goal hierarchies and results frameworks that satisfy the requirements to a fairly high degree. Afghanistan and Bosnia and Herzegovina have the largest share of projects that have a satisfactory goal hierarchy to a fairly high degree.

Figure 10 Is the goal hierarchy and results framework satisfactory? (Number of projects)



Source: OAGN

**Afghanistan:** Three of six projects in Afghanistan have, to a fairly high degree, a satisfactory goal hierarchy and have measurable goals and baselines on most levels, as well as a relatively logical connection between the different goal levels. The main tendency is that measurability in the projects is best at the output level, which is the most immediate and concrete level, cf. Annex 4. The goals are less measurable, and the use of indicators weakens at higher levels in the goal hierarchy.

The analysis of the project plans otherwise shows that several projects have very extensive results frameworks with at least 25 pages of lists and a very high number of objectives and activities. They consequently do not come across as very realistic. Many of the projects also have very ambitious stated goals, especially in light of the difficult circumstances in Afghanistan.

Another pervasive weakness in most projects is that they lack measurable indicators with associated baselines and targets. Indicators are often formulated, but not about anything specific that makes it possible to specify the extent to which goals are achieved. Moreover, a very large number of indicators have been formulated for several projects, which will make data collection and reporting highly demanding. A further weakness in most projects is that the data and the method by which it will be collected is specified in only exceptional cases.

**Bosnia and Herzegovina:** The projects in Bosnia and Herzegovina stand out from the other countries in that they adhere less to concepts and formal requirements for results frameworks for use in planning and managing projects, although the Ministry's grant scheme regulations for the Balkans state that projects must have a goal hierarchy and goals with indicators at the different levels.

One of the projects used the Ministry of Foreign Affairs' template for applications, and it is this project that comes closest to having a clear results framework. Three of the projects have no defined goals at the impact level; one project also lacks goals at the outcome level. Some projects have formulated indicators for many of the goals, but the indicators are seldom measurable. Moreover, baselines and targets are missing. Concrete data that can measure progress, and how these data will be collected, is rarely described.

**Uganda:** One of the selected projects in Uganda has a satisfactory goal hierarchy and results framework that provides quite a high degree of measurability at all levels

(see box 11). The document analysis shows that four of the projects do not have very satisfactory goal hierarchies and results frameworks, while one project has no goal hierarchy at all (JBSF).

**Zambia:** Although the project documents largely focus on activities and outputs, the analysis of the project plans in Zambia show that six of the seven projects have a form of results framework. However, the goals on all levels are not always clearly designed, and it is therefore difficult to see the logical connection between the levels. Measurable indicators for the various goals are largely lacking. The measurability of the projects is best at the output level, and poorer at the outcome and impact level. The goals at the impact level in particular are often general and unrealistic, and they lack measurable indicators.

The review shows that baseline data is largely lacking for most projects, making it difficult to track progress even where they basically have measurable indicators. The only project that stands out in a more positive light is ZRA<sup>68</sup>, which has a fairly comprehensive framework with specific goals and indicators, as well as a baseline on all three levels. There is a good logical connection between the different goal levels in this project.

Box 10 and box 11 give examples of respectively weak and good goal hierarchy and results frameworks.

**Box 10 Example of weak goal hierarchy: support for the Financial Intelligence Centre (FIC) in Zambia**

The purpose of the project has been to support the creation of a Financial Intelligence Centre (FIC) in Zambia. In the project plan, the main goal at the output level was to have an operating unit as of April 2011. However, it is not specifically stated under the main goal what needs to be in place for the centre to be characterised as operational. Based on the plan, it is therefore difficult to see how the various input factors will be able to help to make the unit operational. Moreover, since no milestone plan exists beyond the goal of an operating unit at April 2011, the project documents provide no opportunity for more specific follow-up of progress.

Seven goals at the outcome level for the project are listed in addition to the main goal at the output level. Among other goals, the police and prosecutors shall consider intelligence from the new unit as relevant and of high quality, and use it in a satisfactory way in drawing up charges in money laundering or terrorist financing cases. The reporting entities must furthermore follow the law and have systems and the capacity to prevent, detect and report suspected money laundering or terrorist financing. One of the goals is also to enable undertakings and individuals to avoid getting involved in money laundering and terrorist financing as well as precursor crimes.

None of the goals are further operationalised with measurable indicators, and since baseline data is lacking, it will likely be very difficult to monitor progress in the project.

68) Institutional cooperation between the Norwegian Tax Administration and Zambia Revenue Authority.

**Box 11 Example of good goal hierarchy: Finance Management and Accountability Programme in Uganda – FINMAP**

FINMAP II (The Financial Management and Accountability Programme) is a World Bank-led multi-donor programme designed to strengthen public financial management and accountability in Uganda. The project has a relatively well developed and working system for reporting objectives and results. The project has a clear logic from the activity level up to the output, outcome and impact levels, where one set of activities logically leads to an output, and one set of outputs leads to an outcome, etc.

The PEFA indicators (see Section 1.4.3) are an important part of the reporting system with a given set of indicators at the output and outcome level, providing both a detailed and comprehensive assessment of all aspects in the fiscal budget and account process.

Before a comprehensive results framework was in place, there was no simultaneous reporting of results at the outcome level during annual reporting at the activity and output level. Those responsible for the programme were aware of this weakness and continued to work on improving the monitoring system. The annual report for 2013 introduced a framework for "Outcome Performance Monitoring", which gives a schematic presentation of baselines, annual goals and actual results at the outcome level for each of the indicators, while the 2014 report limits reporting to baselines and the results achieved for the past year. The reports thus provide a good description of how quality has evolved in public finance management from the start.

In an interview, the Ministry of Foreign Affairs stated that it had been strongly focused for a number of years on the need to improve the results frameworks in projects and programmes. When Norad reviews embassies' administrative practice, it also provides mandatory training in results-based management and results frameworks. During these reviews, Norad also evaluates results frameworks and goal hierarchies in the embassies' project portfolios.

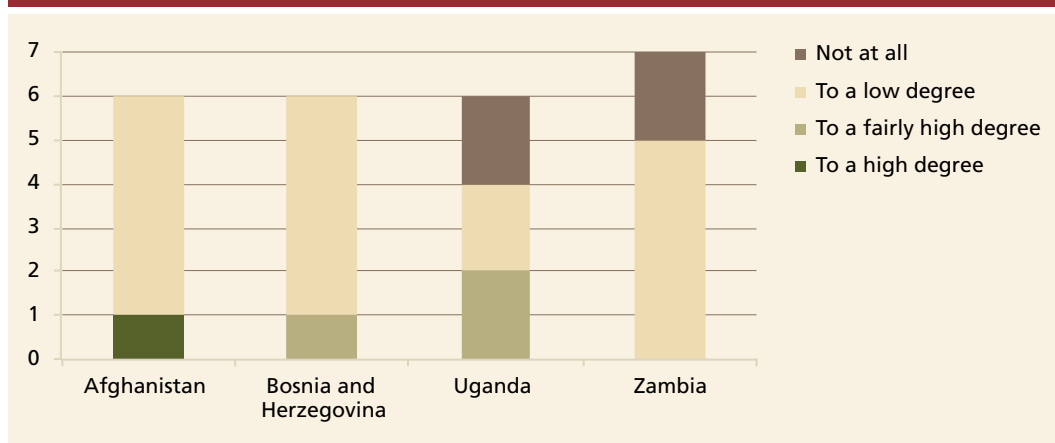
Programme officers can nonetheless have differing evaluations of the quality of the results framework. The Ministry notes that the grant recipient has responsibility for preparing the framework. Some grant recipients have little capacity and expertise in this area, requiring the grant manager to go several rounds with the recipient about the quality of the project documentation before the formulations can be accepted. The Ministry recognises that the results presented in this audit are inadequate, and also notes that the Norad evaluation of results measurement in Norwegian aid (Report No. 1/2014) also pointed out the same deficiencies.

On this basis, the Ministry of Foreign Affairs created a comprehensive follow-up plan and introduced new measures to strengthen aid administration management by objectives and results. In autumn 2014, it introduced a compulsory one-day course in management by objectives and results and financial management, respectively, for new programme officers. In addition, it has also introduced a mandatory management by objectives and results course for senior administrators in the Ministry. The course is also part of the training provided to trainees and new employees in administrative positions.

### **6.5.3 Analysis of risks and assessment of sustainability**

Figure 11 shows that most projects in the four countries have weak risk assessments or lack such assessments. Only one of the 25 projects included in the audit has a risk assessment fully in line with the requirements, i.e. risk factors are identified, graded for probability and consequence – in other words the likelihood that a risk factor will occur and the consequence it will have in that case – and measures are proposed to mitigate the risk.

Figure 11 Is risk assessed? (Number of projects)



Source: OAGN

**Afghanistan:** The analysis of the sample in Afghanistan shows that a thorough risk analysis was only carried out for one of the six projects; the other five were subjected to only a limited risk analysis. The probability and consequences of identified risk factors are usually not considered. Many of the projects lack concrete and credible measures for reducing risks.

The situation is somewhat better when it comes to appraisal of sustainability. Five of the projects have a review and analysis of this which to a certain extent includes economic and political factors and the recipient's ownership of the project and that measures have been formulated to bolster the duration of the results. None of the six projects have a thorough assessment of sustainability.

**Bosnia and Herzegovina:** No thorough risk analysis was done for five of the six projects in Bosnia and Herzegovina. The risk factors discussed are often not very specific and not graded. Most of the projects lack risk-mitigating measures or they are formulated on a very general level and are thus of little use in further project management and monitoring. This is likely due to the fact that the risk factors often mentioned are external, i.e. they cannot be influenced to any extent by the project management. One exception is a project that highlights the risk of delays in the procurement process, and has formulated measures to prevent that from happening. Assessments of sustainability are somewhat better: This was largely or to a fairly large extent considered for three of the projects.

**Uganda:** Two of the projects in Uganda have no assessment of risk, and two others have weak risk assessment. Only two of the projects have a relatively thorough risk assessment where risk factors are identified and assessed, and where measures were formulated to reduce risk. The picture is even poorer for appraisal of sustainability: It was assessed to only a small extent for five of the projects, while there is no such assessment for the sixth. This concerns a project that supported the budget support framework (JBSF). While such a project should in principle have particularly good sustainability preconditions given that its goal was to support the recipient country's own regular budget process, the mid-term review pointed out poor integration of the project in relevant government bodies.

**Zambia:** The document analysis of the projects in Zambia shows that risk analyses were not conducted for two of the selected projects and that the risk analyses for the other five were poor. There is no gradation of risk in the latter projects and they

largely lack proposals for measures that can reduce the risk. The analysis of the sustainability appraisal shows a similar picture: It is not addressed in three of the projects, and it is evaluated and dealt with to a small extent in the other four. The discussion of sustainability mentions challenges such as lack of ownership, donor dependency and brain drain following the implementation of capacity-building initiatives. However, there is little suggestion as to how this should be handled. Specific exit strategies are also missing.

In an interview, the Ministry of Foreign Affairs stated that the applicant is responsible for preparing risk and sustainability analyses, and that the programme officer in the Ministry is required to evaluate their quality. The latest revision of the Grant Management Manual makes it even clearer that the programme officer must assess risk if the applicant's risk assessment is inadequate. In 2012, the Ministry of Foreign Affairs introduced a methodology document for risk management where the objective was to ensure a uniform and systematic approach to risk management throughout the Ministry. However, the Ministry emphasises that in many cases it may still be difficult for programme officers to assess the quality of risk and sustainability analyses.

The Ministry of Foreign Affairs also notes that in 2015 it plans to initiate the development of risk analysis tools at the country level and for grant schemes, as well as for key sectors in partner countries.

#### 6.5.4 Expert quality assurance / external appraisal

As a donor, Norway has a responsibility to assess whether project proposals prepared by recipients meet basic quality requirements, cf. subchapter 3.4. Several of the Ministry's regulations and grant schemes/chapter items point out that projects exceeding NOK 15 million must undergo an external appraisal in Norad by other expert advisors if the project is of a nature that makes this necessary or appropriate. All projects exceeding NOK 50 million must be appraised externally. Deviations from these rules must be documented.

Table 6 shows how many of the projects in the sample have been subjected to an external appraisal. Assessments are non-existent for just over half of the projects. Bosnia and Herzegovina stands out from the others in that external appraisals have not been obtained for any of the projects.

**Table 6 Is there an external appraisal from NORAD or others? (Number of agreements exceeding NOK 15 million in parenthesis)**

	Afghanistan	Bosnia and Herzegovina	Uganda	Zambia	Total
Yes	3	0	4 (2)	4 (3)	11 (5)
No	3 (1)	6 (3)	2	3	14 (4)

Source: OAGN

**Afghanistan:** Three of the six projects in Afghanistan could not be appraised separately by Norad. For one of them, ASGP, the appropriation proposal was NOK 42 million, above the limit for when the Ministry is required to obtain an external appraisal (cf. the scheme regulations for the regional allocation). In this case Norad had assessed a pilot project, and the Ministry of Foreign Affairs therefore considered a reassessment of the main project to be unnecessary (box 12). While three projects were externally evaluated, the evaluation for one of them (UNDP ACT) was relatively limited. In this project the assessment of the results framework was very brief, the goal hierarchy and its logic was not considered, and there was no mention of baseline,



targets and data needs that could have formed the basis for assessing the quality of the indicators.

**Bosnia and Herzegovina:** Three projects in Bosnia and Herzegovina of NOK 24 and 21/51 million, respectively, (PARF and HJPC Phase I / Phase II) were not considered externally. These projects are above the NOK 15 million limit in the regional allocation regulations. The regulations for the Western Balkans grant scheme, however, require no such external appraisal – nor for major projects. The Ministry of Foreign Affairs, which manages the bulk of Norwegian assistance to Bosnia and Herzegovina directly from Oslo, stated in an interview that the NOK 15 million limit is not relevant for countries in the Western Balkans. Nor does the Western Balkans Section have funds for external appraisals.

**Uganda and Zambia:** Expert advice was obtained from Norad for more than half of the projects in Uganda and Zambia. All projects exceeding NOK 15 million were included among these.

The document analysis also shows that Norad's advice is taken into account to a limited extent. Where an external appraisal existed, the advice was largely ignored in four out of four cases in Zambia, three out of four in Uganda and one of three in Afghanistan. In several of these (four), Norway was admittedly a minor donor and thus cannot expect to gain full approval for its suggestions and comments in the final project plan.

Box 12 and box 13 give examples of projects that were not assessed externally. Box 14 gives an example of a project that Norad has evaluated very differently at two different times.

**Box 12 Example of missing external appraisal: UNDP-led programme to strengthen local government in Afghanistan**

In 2008, Norway was asked to support a UNDP-led project for strengthening public administration at the local and regional level in Afghanistan (Afghanistan Sub-National Governance Programme – ASGP). Norway decided to allocate NOK 42 million over the three-year period 2008–2011.

The results framework for this project is unusually extensive and is fully 25 pages long in the project document. The main goal is a democratic state in Afghanistan and stronger government agencies at all levels that govern and provide good quality public services. The goal will be achieved by means of capacity building, consulting and advocacy. The project document contains a large number of goals within the full range of local and regional government tasks in the country. This includes the tax collection system, new municipal structure, introduction of management by objectives and results, financial management, municipal planning system, local waste policy and waste management, municipal infrastructure and administration, property management and the introduction of a consultative system. Four hundred and fifty different activities are formulated under these various objectives.

The decision document describes and discusses a number of risk factors, but does not mention – or problematise – how realistic the project is or if its design and results framework have obvious weaknesses. Nor is there consistency between the objectives of this results framework and the goals as described further ahead in the project document, which makes it unclear as to which set of goals actually applies. This is not commented on in the decision document. The Ministry of Foreign Affairs also failed to request an external expert assessment of the project proposal, even though it was above the limit for when such a review is normally conducted (NOK 15 million). The reason it was dropped was that Norad had considered the programme at an earlier stage (pilot), and that the programme had not been subsequently changed to a significant extent.



### Box 13 Example of missing external appraisal: PARF in Bosnia and Herzegovina

The project proposal for the reform of public administration in Bosnia and Herzegovina (PARF) received NOK 24 million in support. The project application was not assessed by external consultants.

Three years earlier, the Agency for Public Management and eGovernment (Difi) had been engaged by the Ministry of Foreign Affairs in part to give specific recommendations about what Norway should support within public sector reform in Bosnia and Herzegovina, Serbia and Macedonia. Difi warned against supporting the introduction of advanced management principles and technology in a country like Bosnia and Herzegovina, where the government is "dysfunctional" (Difi 2009). Among other things, Difi believed that it was highly impractical to support technically sophisticated IT-based management systems. Instead, Norway should concentrate on supporting measures for introducing basic administrative principles such as impartiality, legality and predictability. Difi recommended the Ministry of Foreign Affairs to follow up a suggestion from PARCO "with a view to more precisely defining the contents of what Norway could support from 2010."\* This recommendation was not mentioned in the Ministry's decision document for PARF in 2012. Instead the document made the reference that "In a report from 2009 Difi recommended support to PARCO".\*\*

In 2014, PARCO had a portfolio of 26 sub-projects, all of which were put out to tender to private consultants. Development and introduction of modern, IT-based management systems and training in IT systems is one of the priority areas.

\* Agency for Public Management and eGovernment (Difi): *Promoting Good Governance in the Western Balkans. Norwegian Support to Institution Building in Bosnia-Herzegovina, Macedonia and Serbia*. Difi report 2009:6. Annex, p. 22

\*\* Ministry of Foreign Affairs: Decision document for PARF. 10 May 2012.

### Box 14 Example of very different assessments of virtually identical applications: municipal cooperation Norway-Uganda:

The Norwegian Association of Local and Regional Authorities' *Municipal International Program* consists of partnership programmes between some Norwegian municipalities and local governments in Uganda, Kenya, Tanzania, Zambia, Madagascar and Guatemala. Two Norwegian municipalities had programmes with Ugandan partners. The programme has been running since 1996. This support has largely gone from Norad to the Norwegian Association of Local and Regional Authorities (KS) through three programmes.

The application for the period covered by this study, 2011–2013, was delivered in 2010. The decision document concluded that the "application is consistently solid, well-structured and targeted" and that it had "a consistent goal hierarchy, both in the application in general and the description of objectives for each pair of municipalities".\*

The Norwegian Association of Local and Regional Authorities (KS) submitted an almost identical application for the next three-year period, 2014–2016. This was given a totally different evaluation than the application for the previous period. Dated December 2013, the decision document shows the following assessment: "The application has a weak framework for documenting results on both the programme level and at the level of individual projects, weak documentation of already achieved results and weak contextual analysis."\*\*

In its draft decision document, the programme officer recommended phasing out the support with less than 50 per cent of the 2014 applied for amount and no funding for the remainder of the period. This could show that Norad has tightened the requirements for results and contextual analysis, and it could show the degree of dependence on the person making the evaluation.

\* Norad: GLO-3136 QZA-A/0008 - Decision document, dated 17 December 2009

\*\* Norad: GLO-3136 QZA-13/0553 KS Municipal International Cooperation 2014–2016, Decision on support. Dated 10 March 2014.

Regarding the use of external appraisals, the Ministry of Foreign Affairs said in an interview that each specialist department is responsible for drawing up regulations for *its* scheme. That means it is largely up to the specialist departments to establish quality assurance requirements for the individual schemes. The Ministry points out that there are different types of risk in the various schemes, which could also have an impact on quality assurance, including the question of requiring external appraisals.

At the same time, the Ministry stated that it is now laying plans to further strengthen and harmonise the quality assurance of the grants. This will be done on the basis of the evaluation of results measurement (Norad Report No. 1/2014), which notes that it is unclear what the regulations for the various grants require of quality assurance.

## 6.6 The Ministry of Foreign Affairs' follow-up of measures

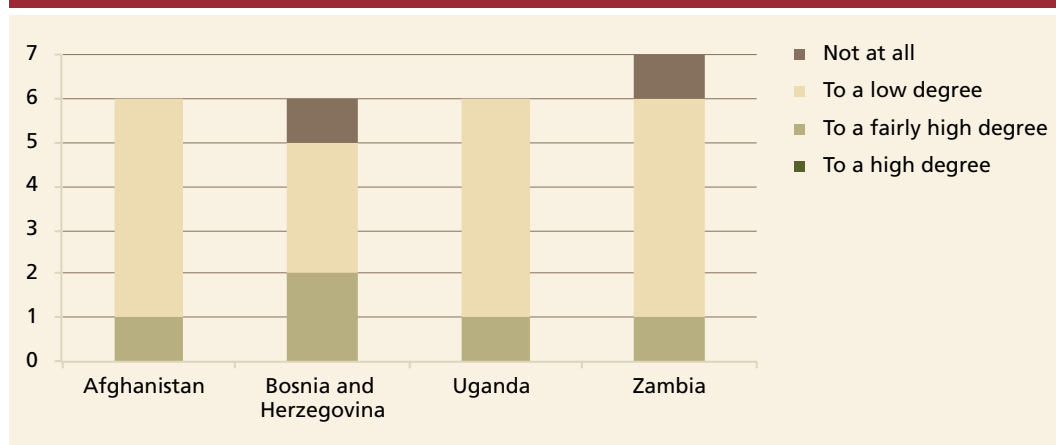
### 6.6.1 Reporting according to planned results

The review shows that there are only two projects where it was reported that the degree of goal attainment can be read directly from progress reports. This applies to the support for the tax administration in Zambia and public finance management in Uganda (ZRA and FINMAP).

The reporting for all of the other projects is of a narrative nature, often with a main emphasis on activities. Assessing these projects requires cross-reading between the project document and the progress report to track relevant information in the progress report for the different goals of the project document.

Figure 12 shows the breakdown of the projects with respect to how relevant results reporting is for the objectives of the project documents. Five of the 25 projects are considered to have progress reporting that contains relevant results information to *fairly high degree*. There are no major differences between the countries. The other 20 projects have progress reports in which the results information corresponds to a *low degree* or *not at all* to the objectives stated in the planning document.

Figure 12 Is reporting based on overall planned results?



Source: OAGN

An assessment of the results information on each of the three goal levels provides a more detailed picture and shows that the situation is relatively best at the output level and weakest at the impact level, see table 7.

**Table 7 Distribution of projects by the degree of results information reporting at the various goal levels**

		High degree	Fairly high degree	Low degree	None
Impact level	Afghanistan			1	5
	Bosnia and Herzegovina		1		5
	Uganda				6
	Zambia		1		6
Outcome level	Afghanistan		1	4	1
	Bosnia and Herzegovina		1	3	2
	Uganda	1		3	2
	Zambia		1	4	2
	Afghanistan		2	4	
Output level	Bosnia and Herzegovina	1	2	2	1
	Uganda		3	3	
	Zambia		5	1	1

Source: OAGN

**Afghanistan:** Project reports in Afghanistan tend to be narrative and descriptive about the various *activities* carried out. The information is related to a very small extent to the planned *results* (outputs and outcomes with respective indicators). In several reports, many of the outputs and outcomes that were agreed and stipulated in project plans were replaced by new ones. The result is that many planned outputs and indicators are not to be found in the reports, making it difficult to assess progress and deliverables during the project period. As regards deviations, few projects provide specific reasons why an achieved result is disproportionate to what was planned. Many projects have *general references* to problems with the implementation of planned activities and refer to the precarious security situation.

The Ministry of Foreign Affairs and the embassy have laid down few requirements for changing project reporting. In some cases, they request that reporting should say more about results and less about activities. Another requirement that is mentioned several times, is that the embassy must receive reports earlier in order to be able to prepare for the meetings.

**Bosnia and Herzegovina:** Several of the projects in the sample for Bosnia and Herzegovina have major deficiencies in the goal hierarchy and results framework, which subsequently complicates reporting of results. But even when goals are planned at the output level, the reporting in many of the projects is fragmented and not very easy to follow with regard to the actual development of these goals. A common feature of most of the reporting is that it is highly narrative about the activities that are carried out. Many of the statistics presented are often not relevant or comparable to those presented in the project plan. At higher levels only one project submitted a report in accordance with the results measurement.

**Uganda:** The same traits are also found in the analysis of the projects in Uganda. Only one of the projects submits reports clearly based on the planned goals. The other five projects submit reports with little basis in planned goals or the reports describe only activities without an analysis of what has been achieved at an outcome and

impact level. Two of these projects have very detailed reporting based on planned goals at the output level (JLOS and GBV), but the reporting is highly fragmented (covering hundreds of activities) with no attempt to aggregate the results at the outcome and impact level.

**Zambia:** The review of the projects in Zambia for which progress reports are available show that they largely submit detailed reports based on the output level. Reporting is more deficient at the outcome level, and there is mostly no reporting at the impact level. There is generally no mention of deviation. In instances where there are complete goal hierarchies with indicators, the annual reporting makes scant reference to them. This makes it difficult to assess what has actually been implemented in relation to the original plan. It is also difficult to see the connection between the results at the three different goal levels. Reports from the civil society projects are narrative, with little systematic use of qualitative or quantitative indicators. One project that stands out in a positive light is ZRA, which largely reported on goals at all levels and in accordance with agreed annual targets.

A review of the agreements for the 25 projects shows that 13 had agreements where there was no clear requirement to report in accordance with planned objectives and results.

Box 15 and box 16 give examples of projects with good and poor results reporting, respectively.

#### Box 15 Example of good results reporting: ZRA (Zambia)

The tax project in Zambia (ZRA) has basically a good goal hierarchy with one overriding goal at the impact level, four goals at the outcome level and thirteen goals at the output level. With certain exceptions, there seems to be a good logical connection between the different goal levels. Indicators with baselines and annual goals for all goals are also linked to all levels in the period 2011–2014. In the reporting submitted for 2011–2013, ZRA consistently adhered to this framework, submitting reporting on all three levels for the vast majority of the objectives in the original plan. In the mandates for all annual meetings in the period 2012–2014, the embassy stressed that ZRA reported in line with the goal hierarchy. ZRA also received recognition at the annual meetings for good reporting.

What the reporting lacks is detailed explanations or comments on specific discrepancies or deficiencies in the reports. On a general level, reference was made in part to challenges due to late funding, staffing problems, lack of integration of computer systems / inadequate IT equipment. However, none of these challenges are directly related to the specific discrepancies. However, extensive explanations are provided in those cases where activities have been changed compared to what is in the budget for that year.

**Box 16 Example of poor results reporting: difficult to compare the results achieved with the planned results**

Norway's support for the public administration reform fund in Bosnia and Herzegovina was meant to fund eleven subprojects which were described in an appendix to the application from the Fund's secretariat, PARCO, cf. subchapter 5.2.

There is no mention of the progress or results of the subprojects in the reporting that the Ministry of Foreign Affairs has received from the secretariat. Nor is it possible to identify the subprojects with their objectives and activities in the reports that the Ministry of Foreign Affairs has received. While these reports deal with the work on a strategy for administrative reform in Bosnia and Herzegovina, the strategy has a completely different structure than the one ensuing from the subprojects. The consequence is that the Ministry of Foreign Affairs does not have information about the progress and results achieved for any of the projects. Another major weakness of the annual reporting in English is that it is very extensive and is worded in manner that makes it very hard to comprehend.\*

\* For example *Annual Progress Report. By the Public Administration Reform Coordinator's Office for the period January-December 2012*. The report and its appendices are over 200 pages long.

In an interview, the Ministry of Foreign Affairs stated that reporting may vary depending on the type of agreement that underlies the project. Ten years ago the grant regulations did not have particularly specific requirements for reporting deviations. Today the contract templates require the grant recipient to report any deviations and explain them in connection with progress reports. It is emphasised at grant management courses that reporting in accordance with agreed results measurements will save programme officers considerable work in following up projects. It was also pointed out at the most recent courses that a failure to file reports or reporting that is not in conformance with the agreement is a violation of the agreement obligations.

The Ministry also notes that this entails a risk – fraud included – if the grant recipient files reports about something completely different than what is stipulated in the original plan. It is therefore important that individual programme officers are aware of this. This is also a subject at Norad's management reviews, where the importance of documentation is always pointed out.

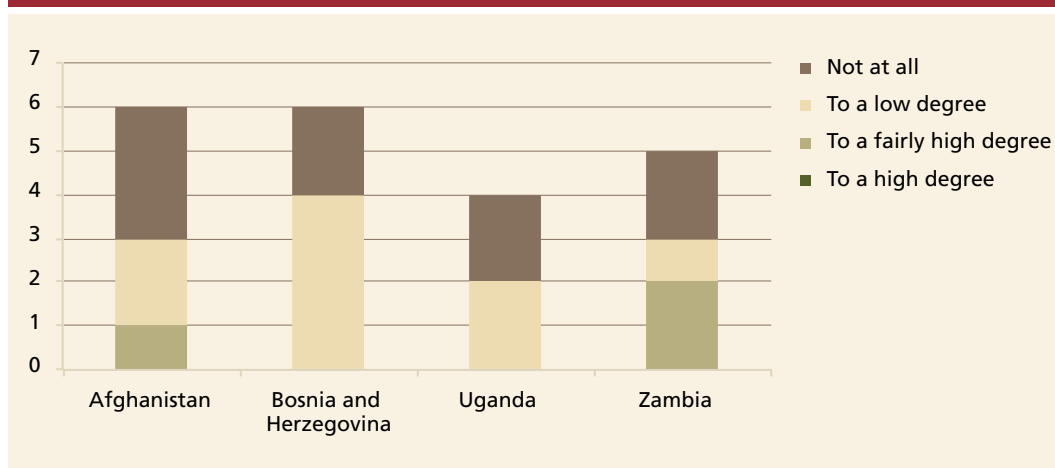
#### **6.6.2 Assessment of progress and effectiveness during the implementation of projects**

The Ministry of Foreign Affairs shall, based on reporting from the projects, itself assess progress, results and effectiveness and document these assessments.

The Ministry's Grant Management Manual shows that such reviews can be documented either in a separate note, with a handwritten endorsement on the report itself and/or in the minutes of the meeting where the report will be discussed and approved.

Figure 13 shows the result of the document analysis of the embassies' project progress assessments – in the form of endorsements, so-called mandates for, or minutes from scheduled meetings at which progress and achieved results are discussed. The projects that Norad manages have been excluded. For 18 of the 21 projects in the sample for which the Ministry of Foreign Affairs has administrative responsibility, progress and effectiveness in the implementation phase are marginally assessed (nine projects) or not at all (nine projects).

**Figure 13 Do the embassies assess the progress of the projects? (Number of projects)**



Source: OAGN

**Afghanistan:** The general picture for Afghanistan is that the embassy essentially does not assess the progress and results of the individual projects. There is no written *systematic* assessment of progress and goal achievement for any of the six projects before the annual meetings. Nor are there any documented assessments of progress and goal attainment in mandates or in the minutes of scheduled meetings for three of the projects. One or more of the stipulated meetings were not held for five projects. One of the business items at these meetings is a review and discussion of the progress and effectiveness of the project. The embassy reported that it has attended board meetings of some of the projects, which made the *annual* meetings redundant.<sup>69</sup> There are no assessments of progress and effectiveness from the Norwegian side in the minutes of these board meetings. As regards handwritten endorsements on project reports, the comment was made in some cases that the reporting largely concerns activities, and that there is little about results, or that it is unclear what has been achieved.

**Bosnia and Herzegovina:** The Ministry has essentially not assessed the reporting and taken a position on documented effectiveness and progress for the projects in Bosnia and Herzegovina – either in connection with processing submitted reports or at annual meetings with grant recipients. The instance that comes closest to an assessment, is in a note stating that "the project will be implemented as planned."<sup>70</sup> There is no further review and reality assessment of actual progress or effectiveness in this case. In the letter of commitment (agreement) for several of the projects, the Ministry of Foreign Affairs did *not* stipulate progress reporting on planned goals. The allocation letter requires only reporting of deviations from planned activities.

**Uganda:** There is no written assessment on the embassy's part of progress and results for any of the projects in Uganda. The embassy stated that progress will be assessed at regular project meetings. The minutes from these meetings rarely show any detailed assessment of progress, and nothing that documents the embassy's follow-up. Matters that are often discussed concern delays, approval of plans and disbursements from donors. The analysis shows that the FINMAP II project meetings have been the most rigorous in following up the project – with quarterly meetings and a continuous log

69) E-mails from the embassy in Kabul, 22 April 2014 and 12 May 2014.

70) The West Balkans Section (Ministry of Foreign Affairs): Reporting form for meeting 18 June 2010.

for tracking follow-up from previous meetings. The embassy has only attended two of six meetings documented with minutes.<sup>71</sup>

There are no mandates for annual meetings for any of the selected projects in Uganda. Such mandates are one of the ways embassies can document their assessments of progress and results. The embassy related that mandates are not required for co-funded projects.<sup>72</sup> All the projects in the Ugandan sample that the Ministry of Foreign Affairs manages are considered co-funded. However, the Ministry emphasised in a letter that when the embassy attends meetings stipulated in a co-funding agreement, mandates should normally be written. When Norway is not the lead donor, meetings should also be normally held where the mandate and minutes are stipulated in the agreement. A joint mandate among donors must be approved by the embassy.<sup>73</sup>

A review of the minutes of the semi-annual project meetings in UN Joint Steering Committee Meetings, where GBV and two other projects were discussed, shows that relatively few of the meetings were spent reviewing the GBV Project. The minutes primarily dealt with the main points in the annual reports and financial status.

**Zambia:** The document analysis of the projects managed by the embassy in Zambia shows that the embassy has scarcely considered reported deviations and other technical level details in progress reports. However, in the documentation for two of the projects (ZRA and PEMFA), it emerged in the mandates and meeting minutes that the embassy has considered and commented in part on progress on a general level. The embassy's weak or non-existent follow-up must be viewed in connection with the fact that results reports have been greatly delayed (FIC), that the quality of the reports has been poor (NGOCC), or that the donor structure is organised in such a way that Norway has not participated in the direct follow-up of the programme (JGSP).

Norwegian Church Aid and the Zambian umbrella organisation for women's organisations (NGOCC) stated in interviews that they were required by Norad to demand more systematic planning and reporting from their local partners. Both organisations said that they had begun training to transition from activity-based to results-based reporting. Although they had been sceptical of the usefulness of this, both organisations were pleasantly surprised by the benefit it began to have for their own follow-up and reporting. The local partners had also expressed that it was useful to them.

71) Minutes from PEMCOM meetings 18–23, in the period August 2012 to November 2013. Norway was only represented at meeting nos. 21 and 23.

72) E-mail from the embassy, 10 October 2014.

73) Letter from the Ministry of Foreign Affairs to the OAG, 23 February 2015.

#### Box 17 Example of missing assessment of progress and results: PARF in Bosnia and Herzegovina

The weaknesses of PARCO's reporting were described as follows in box 16: The Ministry of Foreign Affairs has no information that says something about progress and results achieved in individual projects compared with planned results. In June 2013, the Ministry of Foreign Affairs signed an agreement with Swedish Sida that Sida in Sarajevo would represent Norway on PARCO's board. The agreement also stipulates that Sida must share and request comments about Sweden's follow-up of results, progress and evaluations, respectively.

There was no contact from June 2013 to July 2014 between the Ministry of Foreign Affairs and Sida about the follow-up. Sida has never received input from Norway that was to be forwarded to the board. Sida stated in an interview that the current agreement (MoU) would appear to call for a greater degree of information exchange between the two countries than has taken place.

Neither the Ministry of Foreign Affairs nor Sida has addressed the reporting shortcomings with PARCO, and the Ministry itself has not undertaken any assessment of effectiveness or progress in the programme or received any such from Sida as of November 2014. Final reports are prepared for completed projects, and Sida stated in an interview that PARCO assesses these reports in relation to planned results. Sweden's representative therefore does not believe that it is their duty to undertake an independent review of the document.

In an interview, the Ministry of Foreign Affairs stated that the management of PARF was "out of sight – out of mind" and that the agreement with Sida about management responsibility had not worked satisfactorily.

\* E-mail correspondence between the Ministry of Foreign Affairs and Sida/Sarajevo dated 25 July 2014.

When asked how the Ministry of Foreign Affairs views the fact that progress and effectiveness has been assessed for so few of the projects in the audit, the Ministry responded that a large part of the "technical" dialogue about project implementation is conducted by e-mail at the programme officer level. At the same time, the Ministry pointed out that in-progress follow-up is also a key subject in Norad's management reviews. The reviews point out that the agreement shall form the basis for dialogue with the grant recipient, and the annual meetings shall be used to check whether the agreement is followed, or adjust the plan if necessary.

### 6.7 The Ministry of Foreign Affairs' evaluation of effectiveness at project completion, evaluation and continuation of learning

Learning is an important part of the quality assurance of the assistance work. One of the most important instruments for both quality assurance in general and learning in particular is regular and independent project and programme reviews and evaluations. In addition, the development of new knowledge can also occur through systematisation of learning and experience carried out by practitioners. In order to learn from experiences from aid for good governance and anti-corruption, it is important that the Ministry of Foreign Affairs systematise these experiences, primarily through evaluations, but also in practical work.

The Ministry of Foreign Affairs' guidelines instruct the grant manager to assess and document the degree of goal achievement at the end of the project. None of the completed projects in the sample contain an evaluation of achieved results in relation to goals or planned results.



### 6.7.1 The Ministry of Foreign Affairs' assessment of effectiveness after the completion of the project

The Ministry of Foreign Affairs has guidelines for reporting effectiveness. These require the grant recipient to submit a final report at the conclusion of a project. The final report shall include information about what has been achieved compared with the objectives of the plan. According to the Grant Management Manual for the Ministry of Foreign Affairs and Norad (V04, Section 3.3), the programme officer shall consider how the reported results correspond to the objectives as defined in the approved application. Significant deviations that are either reported by the recipient, or are discovered by the programme officer, shall receive additional follow-up.

The Ministry of Foreign Affairs' assessment and approval of the final report must be documented. This can take the form of a memo or be set out in the minutes from the meeting that dealt with the report, or by direct endorsement on the report.

A separate completion document was previously required. The template for the document had a section for describing results that had been achieved, but there was no clear requirement to report achieved results relative to what was planned. The only requirement now is a completion letter to the recipient. The format for this letter specifies that the grant manager shall assess whether the formal reporting requirements of the agreement have been met, but imposes no direct obligation to assess the degree of effectiveness. Normally, an agreement requires the recipient to submit a final report on the results achieved compared with planned results, so indirectly it is a requirement that effectiveness must be described and assessed before a report can be approved.

**Afghanistan:** The document analysis for the five projects in Afghanistan that have been completed shows that the Ministry of Foreign Affairs has not assessed effectiveness for any of the projects by comparing the results achieved with the goals formulated in the plans. One project (ASGP) has a note on the final report from the project stating that it is "difficult to get a clear picture of the results. As usual little/weak on the impact of the programme. The goals are clear, but not what has been achieved".<sup>74</sup> The completion document that was prepared states that "there are indications that the programme has focused heavily on outputs instead of outcomes".<sup>75</sup> The second example is that the Ministry of Foreign Affairs' completion document refers to an evaluation which concludes that since the working conditions in Afghanistan are among the most difficult in the world, the results are considered to be consistent with the objectives of the agreement. But the document has no reference to what the goals of the agreement were.<sup>76</sup>

**Bosnia and Herzegovina:** The Ministry of Foreign Affairs has no written assessments of effectiveness in any of the completed projects in Bosnia and Herzegovina. There are no meeting minutes, endorsements, memos, letters or final documents where such assessments emerge. No completion document was prepared for any of the three completed projects in the sample (TI, Registry, HJPC phase I). The Ministry's completion of the projects is limited to a letter to the grant recipient, in which the reporting is approved. These projects had a requirement that the final reporting must refer to both the original goals and achieved results, and explain any deviations. None of the three projects have final reports that meet these requirements.

74) The embassy's endorsement on an archived version of *Final Report for Afghanistan Sub-National Governance Programme ASGP I* (UNDP).

75) Ministry of Foreign Affairs: AFG-06/053 Completion Document.

76) AFG-07/004 Addendum CSLD – core support Civil Service Institute, Completion document.

**Uganda:** Two of the projects in the Ugandan sample have been formally concluded. Norad managed them, but has not prepared a written completion document in addition to their response to the final report to the organisations, Caritas and the Norwegian Association of Local and Regional Authorities (KS), respectively. In its reply to Caritas, Norad wrote that the reporting has been in line with current guidelines. Norad also referred to concrete reported results, which are considered to be positive, but the reported results are not systematically compared with what was planned. Norad's response to KS is less positive, with an assessment that the reporting is not strong enough and that it is difficult to compare reported results with the goals that existed in the contract. There is no final project report beyond the latest annual report (2013; instead a one-year extension was given with a new project. The processing of the second project (MIC) is described in more detail in box 14.

**Zambia:** A completion document exists for the two projects formally concluded in Zambia: finance management reform (PEMFA) and the women's project (JGSP). The completion document for PEMFA is the most comprehensive of these, but provides few details about the embassy's assessment of effectiveness (see box 19). The embassy in Zambia describes the completion document as "a very formalised document," on which they spend little time. However, the embassy simultaneously signified in an interview that this could be a part of the process that has not been exploited to ensure learning. The completion document for JGSP has no assessment of effectiveness.

Box 18 gives an example from Afghanistan of a failure to assess effectiveness. Box 19 describes the difference between the Norwegian and British final assessment of a project that both countries were helping to fund with others.

#### Box 18 Example of missing assessment of effectiveness: anti-corruption project in Afghanistan

UNDP's ACT (Accountability and Transparency) anti-corruption project was supported by Norway from 2007 to 2009. The embassy has no documented assessment of effectiveness:

- Norway did not take part in the meeting between donors and UNDP in 2009 when the Norwegian funding ceased.\* The Ministry of Foreign Affairs has therefore not entered any assessment in the minutes of the meeting.
- Norway did not send a completion letter to UNDP with formal conclusion of the project and an assessment of whether the recipient (UNDP) had fulfilled its contractual obligations. According to the agreement, UNDP was to prepare a final report for Norway no later than six months after the conclusion of Norwegian support. Final reports summarise outputs, implemented activities and results achieved compared with the goals. No such report was prepared for the phase that Norway supported. The only report that was written was for the subsequent phase that ended in 2012.
- The embassy did not prepare a completion document that should have been filed in the case when the agreement between Norway and UNDP expired.

As mentioned in box 4, UNDP itself gave the achievements of the project a negative evaluation. Few activities had been completed, and the project represented little value for money.

\* UNDP Country Office for Afghanistan: Minutes of the 2<sup>nd</sup> 2009 Project Board Meeting of the Accountability and Transparency Project, 12 August 2009.

#### Box 19 Example of Norwegian vs. British final assessment of the same project: PEMFA in Zambia

PEMFA was a co-financed, major project for reforming public finance management in Zambia. It was formally completed in 2014.

The Norwegian embassy's completion document for PEMFA lists documents that the embassy has received. The final report from the project management is not mentioned or assessed. The completion document provides a summary of the findings of the final evaluation from 2010. It concludes that while there was improvement in some areas, it mostly occurred in areas funded *outside* PEMFA, such as the support to the Zambian Office of the Auditor General. There were mixed results in most areas. Micromanagement from donors undermined Zambian ownership. The degree of goal achievement is not assessed or discussed. The conclusion in the completion document is that further reform must be based on stronger leadership from the recipient.

The British completion document – *Project Completion Review* – of the same project summarises the overall goals of the project. A schematic summary of planned and actual results is presented for each of the project's results areas. A graded assessment on a five-point scale from A ++ to C is then given for each of the results areas. Each of the five results areas was given a B grade, which is the second lowest (*Output moderately did not meet expectation*). An overall assessment of the project was also given a B grade. A qualitative assessment of effectiveness, finance, cost-effectiveness, risk and learning is given in addition to the specific grading. The conclusion is that the reform did not reach its goals, but that it laid the foundation for a necessary reform.

The British completion document therefore fulfils the following functions: It provides an empirical and analytical assessment of the degree of goal attainment, it summarises key learning points and provides guidance for further support. The Norwegian version does not provide a specific assessment of effectiveness and makes little mention of learning and guidelines for further support. While British went ahead with their support for the next phase of PEMFA, Norwegian support was withdrawn.

Sources: Royal Norwegian Embassy, Zambia 2014 and DFID Zambia (2014)

In an interview, the Ministry of Foreign Affairs stated that the reason why the completion document was phased out, was in part that the document often required lengthy preparation and that consultants were often used to do the job. Experience showed that completion documents did not provide adequate learning and transfer of experience that could justify the continuation of the arrangement. A completion letter is therefore seen as far more effective, since it is possible to quickly sign off on a project after seeing whether the grant recipients have reported as required.

According to the Ministry, this process must, however, still be based on an assessment done by the embassy, although this is not specifically stated in the completion letter. The responsible entity must ensure that all requirements have been met in accordance with the agreement and take appropriate action if there is a deviation. Among other things, one is to check whether all activities/outputs have been delivered. Good management practice also dictates the preparation of an internal memo if there are significant delays in the project, or if the completion letter is not submitted in a timely manner.

The Ministry also stated that there are requirements in the scheme regulations for bilateral aid on a final review of projects exceeding NOK 50 million or lasting for four years or more. Project results are also reported together with the embassies' annual results reporting to the Ministry, which in turn are used in reporting to the Storting and on Norad's country pages.

The Ministry sees on the basis of the findings in the OAG's audit that there are still some weaknesses in the embassies' documentation of how they evaluate the results of the individual projects and programmes.

The Ministry of Foreign Affairs points out that a lot can generally be accomplished with better training, better regulation and more stringent requirements. It is also important to raise the awareness of managers at both the missions and in Norway about the importance of sound grant management. The quality of grant management is also a regular item in appraisal reviews with ambassadors/heads of missions.

#### **6.7.2 The Ministry of Foreign Affairs' follow-up of evaluations**

The following review has been based on the four evaluations that are most relevant to the good governance and anti-corruption subsector, and was completed after the *Instructions for evaluation activities in Norwegian aid administration* were adopted in May 2006, cf. Chapter 2.

The evaluations were carried out by external consultants commissioned by Norad's Evaluation Department. The reports normally conclude with recommendations. Norad's Evaluation Department summarises each evaluation and statement in a memo to the Ministry of Foreign Affairs, which also contains proposals for follow-up actions. The Ministry processes the memo, determine the projects to be implemented in a follow-up plan, and outlines the responsibilities and time frame for the follow-up. A report on the follow-up of the measures is prepared one year later.

The review shows that the Ministry essentially follows its own instructions, in other words, it prepares follow-up plans and reports. The two most important common denominators among the recommendations and conclusions of the various evaluations seem to be the call for increased use of political economy analysis and theory of change, as well as more strategic approaches – based on such analyses and theories. These recommendations have not been followed up to a great extent so far, but there are some exceptions. The strategy memo *Norway–Zambia 2015* appears to be in line with these recommendations. Moreover, the Oil for Development (OfD) programme has considerable focus on the use of contextual studies and political-economic analysis as the basis for its cooperation agreements. As such this programme seems to represent a new and more active approach in promoting good governance and anti-corruption.

#### **Evaluation of the development cooperation with Zambia 1991–2005**

This evaluation had six main recommendations, all of which are relevant to the good governance and anti-corruption subsector:

- 1 Improve the understanding of the political context in Zambia, including through the use of political economy analyses
- 2 Support further development of organisations and institutions for ensuring controls and accountability of authorities
- 3 Support capacity building for decentralisation
- 4 Include civil society organisations in the dialogue between donors and the authorities to strengthen the accountability of government to the population in Zambia

- 5 Shift the support from Norwegian to Zambian civil society organisations, particularly organisations working to strengthen public opinion, and that have a human rights-oriented agenda
- 6 Encourage intellectual and public debate on policy issues and poverty reduction

The review of the evaluation of aid to Zambia shows that recommendation no. 4 has not been followed up. The Ministry has – in somewhat different degrees – followed up the other recommendations, either by formulating new measures, by justifying how they are already handled or reflected in plans, or to explain why the Ministry disagrees with a recommendation and will not follow it. In particular, the recommendations on the use of political-economic analysis (1), support for organisations and institutions for accountability (2) and shifting support from Norwegian to Zambian civil society organisations (5) have had an impact on the embassy's work and planning of the further development cooperation with Zambia.

Regarding the point about the use of political economy analysis, the embassy's strategy memo *Norway–Zambia 2015* provides a concise and good overall presentation of power relations and political-economic conditions in Zambia. The Norwegian strategic choices up to 2015 follow logically from this description.

Both the annual plan and allocation circular for Zambia for 2008 refers to the evaluation and the need for insight into development obstacles. The three-year plan for 2010–2012 states that the recommendation for more strategic use of political economy analysis has formed the basis for the work on the plan.

#### **Evaluation of anti-corruption work**

This evaluation has a total of eight main recommendations which are all relevant to the good governance and anti-corruption subsector:

- 1 A clearer and knowledge-based approach to anti-corruption, for example through an anti-corruption strategy
- 2 Increased emphasis on knowledge gathering and dissemination
- 3 Strengthen reciprocity between governance and specific anti-corruption projects
- 4 Sector approach to anti-corruption, for example, consider all forms of – and "drivers" behind – corruption in a sector
- 5 Support collaboration between anti-corruption institutions rather than support for individual institutions
- 6 Stronger donor coordination
- 7 Using short-term measures to strengthen the effects of long-term measures
- 8 Do no harm: remember that poor assistance can lead to corruption

Based on the review of the relevant documents it appears that four of the recommendations – nos. 2, 4, 6 and 7 – have been followed in part. The other four recommendations – nos. 1, 3, 5 and 8 – do not seem to have been followed up in

the Ministry of Foreign Affairs' follow-up plan. However, regarding recommendations 5 and 8, the Ministry related in a letter that there are examples that these recommendations are fully adhered to in practice. For example, the embassy in Lusaka supports collaboration between several institutions that are central in the anti-corruption area in Zambia (Recommendation 5). Norad's anti-corruption reviews of the embassies and integration of anti-corruption in initiatives such as the Oil for Development programme are examples of measures to prevent corruption in Norwegian development cooperation programmes (Recommendation 8).

Where the recommendations appear to have been followed up, the Ministry's follow-up measures are at a different level than what was recommended.

The recommendations in the evaluation<sup>77</sup> emphasise measures to combat corruption at the *country* level. The Ministry's follow-up report, for its part, refers to general Norwegian support for anti-corruption efforts by relevant multilateral organisations, to key NGOs in the area and to the U4 think tank (in Norway).

In an interview, the Ministry of Foreign Affairs stated that some of the explanation for this discrepancy may be related to the actual process of designing and implementing the evaluation. For example, Norway was in the process of withdrawing and winding aid down sharply in two of the countries in the audit, Nicaragua and Vietnam, respectively.

At country level, the governing document analysis shows that the evaluation is only mentioned in the 2012 annual plan for the embassy in Zambia. The plan shows that following up the recommendations in the evaluation was a priority task for the embassy's anti-corruption efforts in 2012. There is reason to believe that the evaluation has also been adopted at a general level, i.e. in the Ministry's annual instructions for 2012 and 2013, although they do not specifically refer to them. Norwegian anti-corruption efforts are specified here, but as already mentioned, a large part of this revolves around the embassies' own financial management of Norwegian aid funds for preventing and detecting fraud.

#### **Evaluation of Norwegian assistance for Afghanistan 2001–2011**

This evaluation provides no recommendations, but presents a set of conclusions based on different criteria for assessing aid. However, both Norad's recommendation memo and the Ministry of Foreign Affairs' follow-up plan contain specific recommendations, based on this and other evaluations.

The evaluation states that the security situation and disagreements between donors about how to implement nation-building measures and governance reforms are important reasons why aid to Afghanistan has provided limited results to date. The evaluation notes that Norway has been a reliable donor that has successfully followed the principles of recipient orientation of aid in practice. There are real results regarding effects at the outcome and output level that can also be attributed to Norwegian contributions. Norway's contextual analysis in Afghanistan has been successful and has formed part of the discussion basis concerning policy options.

The evaluation also points out that the main reason for limited results in Afghanistan is poor governance and corruption, and that all donors have taken enormous risks that have increased in line with the increase in the Afghan budgets. Besides, the Ministry of Foreign Affairs' own management systems for controls of the use of grant funds have no effect on the large-scale corruption that takes place at the ministerial level in

77) The evaluation's synthesis report, which was based on five country studies for Bangladesh, Nicaragua, Tanzania, Vietnam and Zambia, respectively.



Corruption counteracts development in Afghanistan.

Foto: Munir Squires

Afghanistan. The issue of large-scale corruption is not addressed in Norad's recommendation memo or the Ministry's follow-up plan.

The evaluation calls for increased use of political economy analysis and conflict analysis to develop more operational strategies and strategies for managing risk. Although the evaluation states that political-economic factors such as corruption and the use of protective networks counteract key development goals for Afghanistan, it received limited mention in Norad's memo and the Ministry's follow-up plan. In the plan, priority is given first and foremost to strengthening the aid's conflict sensitivity (for example the importance of ethnic composition in the area at which the project is aimed), and then primarily through the work of NGOs.

Norway was urged to rethink its strategy and planning of development assistance efforts in Afghanistan. Better strategies are based on good theories about how change can happen. The request to rethink strategy and assistance planning based on a theory of change has nevertheless not been addressed in the recommendations of Norad's Evaluation Department or the Ministry's follow-up plan. Regarding country strategy, the Ministry referred to the World Bank's work on developing a new results framework for the Afghanistan Reconstruction Trust Fund (ARFT), to which Norway is a major contributor. The Ministry pointed out in a letter that theory of change should be part of such a strategy.

The conclusions about large-scale corruption, political economy and strategy are not reflected in the management dialogue with the embassy in Kabul in the two years after the evaluation was published. The closest one comes is the embassy's 2012 results report showing that the corruption issue in Afghanistan was also discussed in the evaluation. Moreover, the embassy related in the political-economic reporting for the second half of 2012 that it would apply the lessons of the evaluation when it entered into new contracts and planned development assistance efforts for coming years.

#### **Evaluation of the Oil for Development programme (OfD)**

Four of this evaluation's 12 main recommendations have direct relevance to the good governance and anti-corruption subsector:

- 1 OfD should further strengthen international strategic partnerships for good governance in the petroleum sector
- 2 The "Resource Curse", i.e. how national wealth in natural resources is often associated with poor governance and conflict, should be a key question for the OfD programme.
- 3 Good governance should be a visible cross-cutting concern in the OfD programmes in key partner countries
- 4 The selection of partner countries should be based on states with the greatest potential for good governance and policy favouring the poor. If policy and practice move in the wrong direction, it should be possible to make a quick decision to withdraw from the cooperation

Recommendation 1 does not appear to have been followed up in the Ministry of Foreign Affairs' follow-up plan. However, it must be borne in mind that the evaluation shows that OfD is already in partnership with some of the strongest advocates for good governance within the sector. The Ministry also points out that Norwegian authorities expanded support to such organisations in 2014. Recommendation 2 appears to have been partially followed up, by placing greater emphasis on start-up and baseline studies. Nonetheless, the reports contain no reference to measures for dealing with the resource curse or how these should be integrated into OfD's goal hierarchy. In a letter, the Ministry noted that the theory of change described in the guide for the OfD programme is a specification of initiatives aimed at the resource curse.

Recommendation 3 also appears to have been partially followed up, primarily through support for non-state actors that promote and strengthen good governance in the petroleum sector.

Recommendation 4 seems to have been followed up to quite a large extent. The Ministry's follow-up report stated that the programme guide included requirements for contextual studies such as political economy analyses, and that such analyses have been performed for several specific countries. It also shows that the number of partner countries in the OfD programme has been reduced, and that applications from several new countries have also been denied. The programme works to incorporate withdrawal strategies in the contracts with both new and established partner countries.

#### **Summary and the Ministry of Foreign Affairs' assessment of following up recommendations**

Based on the review of the relevant evaluations above it appears that the majority of the recommendations and/or conclusions that concern good governance and anti-corruption the most, have been partially or not followed up. With some exceptions, there is also very limited mention of the recommendations and their follow-up in the Ministry's management dialogue with the embassies.

In an interview, the Ministry of Foreign Affairs stated that it happens that Ministry officers do not always agree on the relevant recommendations. Nor are they obliged to follow these recommendations. It is then important to use them in the manner deemed most appropriate.



As a general challenge, the Ministry furthermore points out that it takes a long time to carry out evaluations, which means that much may have changed from when an evaluation is initiated until the recommendations are finally made public. The Ministry is therefore trying to make evaluations more relevant for ongoing development assistance efforts, including by ensuring ownership of evaluations at an earlier stage than has previously been the practice. While Norad's Evaluation Department decides what should be included in the evaluation programme and administers the evaluation process itself, the Ministry believes that it is consulted and involved in the various phases of this process. A large part of the strengthening in this area is a result of the follow-up plan that was prepared on the basis of Norad's evaluation study (Report 8/2012).

### **6.7.3 Embassies' reporting on the effect of the projects in individual countries**

The review of the relevant governing documents<sup>78</sup> show that the aid's impact on the governance and anti-corruption area is primarily discussed in the embassies' annual results reports.

The effects of aid for good governance and anti-corruption are described to a fairly great extent in results and annual reports from the embassy in Zambia. The effects of the aid are also discussed to a fairly great extent in some of the reports from the embassies in Uganda and Afghanistan. While the embassy in Bosnia and Herzegovina does not describe the effect of the aid in a similar manner, it has as mentioned responsibility for a smaller part of the governance assistance to the country.

The reports from the embassy in Zambia discuss e.g. Norwegian aid for conducting presidential elections, as well as for public finance management, to the Zambian Office of the Auditor General and the Zambian tax administration. For anti-corruption assistance the embassy refers to the support for the Zambian Financial Intelligence Centre to provide financial crime case training for judges. Regarding support to the Zambian Office of the Auditor General, a major share of central government accounts are now audited and reporting to the parliament has improved. It is also stated that the authorities' follow-up of the Office of the Auditor General's comments has improved. The embassy believes that this has given the Office of the Auditor General greater authority. Moreover, the support to the Zambian tax administration has produced a considerable increase in tax revenue from the mining sector.

The discussion as a whole mostly consists of descriptions of implemented activities. Weak effectiveness or reasons for this are scarcely addressed in the results reports.

In an interview, the embassy in Lusaka stated that the staff regularly exchanges experiences from projects at weekly meetings. This is an important part of the learning process and forms part of the basis for deciding continuation or conclusion of the projects. Furthermore, it is mandatory to prepare a transfer memo when a new programme officer takes over the project portfolio. The embassy also normally writes a final document when a project is completed, but believes relatively little learning and experience emerge in this document. The final document is a formalised document that often comes at a late stage in the process. The embassy believes that this might be part of a process that has not been sufficiently utilised to ensure learning.

Beyond this, the embassy believes that there are limits on how many resources they can spend on written documentation of a continuous learning process and "describing

78) Political-economic reporting from the first half of 2012 to the second half of 2013, results reports for the period 2007–2012 (both separate and as part of strategic plans / three-year plans for the period 2009–2012), and annual reports from 2007 to 2012 (as part of annual plans from 2008 to 2013).

one's thoughts." According to the embassy, the learning process is largely informal, verbal and "organic", and it also largely revolves around institutional and individual professional memory. The individual employees bring their knowledge to the table. Everyone uses the empirical information they have from projects and programmes they are familiar with, from Zambia and elsewhere, and from what they read and learn as professional development assistance managers. Knowledge transfer and learning are also passed on through discussions conducted in part with local staff, in conjunction with course activities and through other conversations taking place in the embassy during the year. More general knowledge is also obtained from thematic gatherings and from forums for e.g. country economists, for development assistance advisors and at the ambassador level. The embassy therefore believes that systematic evaluations and summaries of experiences from completed and specifically Norwegian-funded projects in Zambia will have limited general benefit, but will of course be part of the larger empirical basis.

The Norwegian embassy in Sarajevo stated in an interview that it has no formalised procedure for evaluation and learning from projects. The embassy also points out that it prepared an experience memorandum the first year after the embassy began providing civil society support in Bosnia and Herzegovina. In addition, the embassy noted that the international actors in the country exchange experiences at both sector and bilateral meetings, and that the embassy discusses the project portfolio at weekly internal meetings.

In an interview, the Western Balkans Section in the Ministry of Foreign Affairs acknowledged the lack of written documentation at the project level. As a result, memory and learning have been insufficiently institutionalised. The section emphasised that it has learned from this and must start producing more written documentation. The need for more documentation was also pointed out in the Norad evaluation of Norwegian support to the Western Balkans.<sup>79</sup> The section also stated that they have started a process to convert to horizontal specialisation: projects within the same subsector but in different countries, will be assigned to the same programme officer. This is a result of learning and observation of shortcomings in previous practice.

The Norwegian embassy in Kabul stated in a letter that documentation of learning and continuation of experience at the project and programme level is largely practiced in accordance with good administrative practice. The embassy reported that it reads reports with a view to learning and transferring experiences, and brings this up in the dialogue with partners. If a project is to receive funding in a new phase, learning and best practice will be included in the analysis and design for the next phase. The embassy reported that it also discusses learning in completion documents.<sup>80</sup>

The Norwegian embassy in Kampala noted that documentation of learning and transfer of experiences is a key part of the annual plan process.<sup>81</sup>

79) Evaluation of Norwegian Development Cooperation with the Western Balkans, Norad Evaluation Report 7/2010.

80) Letter from the Norwegian embassy in Kabul to the OAG, 26 October 2014.

81) Letter from the Norwegian embassy in Kampala to the OAG, 23 October 2014.

## 7 Assessments

The quality of a country's governance is fundamental for achieving economic and social development and also for ensuring that assistance in general has a positive impact, cf. Recommendation No. 93 (2004–2005) to the Storting. Although it may be difficult to measure changes in the quality of governance, several key governance and corruption indicators suggest that significant progress has not been made in many countries. This also applies to the countries that have received substantial Norwegian aid for this purpose over the past 15–20 years, including the four countries in this audit.

Norway has provided substantial assistance, roughly NOK 26 billion, to encourage good governance and combat corruption in many different countries from 2004 to 2014. Whether an aid project for good governance provides the desired effect at the impact level will depend on many factors, many of which cannot be controlled either by the recipient of the grant or by the Ministry of Foreign Affairs as grant manager. The Ministry, however, can create favourable conditions for the projects to reach the goals that are set. At a general level, this involves having a good understanding of the special challenges of governance and corruption in each country, and to have a targeted and strategic approach to these challenges. At the project level it entails, for example, ensuring that the plans have good quality, ensuring close follow-up of the projects in the implementation phase, and having adequate systems to assess the effectiveness of the projects. It is also important to have good systems for learning from mistakes and successful projects.

The audit shows several instances of sound administrative practice and various examples of good effectiveness, which provide a basis for learning and better conditions for achieving results. Nevertheless, the main impression from the audit is that there are weaknesses at several levels of the management of Norwegian development assistance for good governance and anti-corruption. There is no explicit strategy at an overall level, and no country strategies beyond reducing the number of projects or concentrating on a particular sector. The combination of limited written management signals and a high degree of delegation to the embassies weakens the strategic focus of the assistance. This is expressed by the wide spread of the assistance, especially with regard to the number of countries and projects. At the planning stage, the majority of the projects have weak or missing contextual analyses. The majority of the projects have clear weaknesses in the goal hierarchy and results framework, and the risk assessments are flawed or missing.

Systematic weaknesses are also evident during the implementation phase. Few projects report on what they actually are supposed to achieve. The Ministry of Foreign Affairs rarely points out these reporting weaknesses and does not for the most part take a position on the effectiveness of the projects when it receives and processes reports from grant recipients. Overall, this weakens the basis for achieving the objectives of the projects to a significant extent. Four out of five projects in the sample have low effectiveness. Most of the projects have little or uncertain sustainability, i.e. that it is unlikely or very uncertain whether they will produce any results and impacts after aid funding is withdrawn.

Developing governance and combating corruption are complex and lengthy change processes. Sound management of aid improves the chances that the projects will yield good results at the output and outcome levels, thereby increasing the likelihood of

a positive effect at the impact level as well. The audit indicates that the Ministry of Foreign Affairs' management did not adequately facilitate sound and lasting results.

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### 7.1 Development assistance with little strategic focus

The Storting has found that there is a need for a long-term and strategic focus to obtain results from assistance for better governance, cf. Report No. 35 (2003–2004) to the Storting, Recommendation No. 93 (2004–2005) to the Storting. Moreover, the Standing Committee on Foreign Affairs has pointed out that concentration is an established general principle of Norwegian development assistance. Spreading the assistance across too many geographic areas and countries can compromise quality and weaken results, cf. Recommendation No. 269 (2008–2009) to the Storting.

The Ministry of Foreign Affairs has no written strategy that specifies development assistance goals, the countries or regions and subsectors on which Norway should concentrate its support for good governance and anti-corruption, or which channels will be used. Nor does the Ministry have a clear strategy for how to obtain knowledge about the results attained in the process of achieving the goals.

Ministry documentation in the management dialogue with the embassies provides little guidance about the work on good governance and anti-corruption. The two main exceptions are signals from the Ministry about concentrating governance portfolios and using the UN Convention against Corruption as a basis for the aid. In nine out of ten cases, the governing documents mentioning or discussing good governance contain no references to *overall* goals and strategies for this type of assistance.

In 2014, Norwegian assistance for good governance and anti-corruption was distributed to nearly 100 countries and 1,750 individual projects. Half of the aid for good governance is provided through Norwegian NGOs, local organisations or international NGOs. While there may be good reasons for such priorities, it does not appear to be determined by a specified strategy.

This indicates that Norwegian development assistance for good governance and anti-corruption lacks sufficient strategic focus at the overall level. The process that was announced in Proposition to the Storting 1 S (2009–2010) about concentrating aid on fewer projects and countries has, overall, not produced significant results so far.

Governance and corruption challenges in the four countries are not mentioned in the majority of the relevant governing documents. Institutional and political-economic conditions are also touched on where such challenges are discussed to a fairly great extent, but the descriptions are often general and on a overall level. The discussion of the Norwegian efforts in this area is also largely unrelated to the main challenges in the relevant countries, as they are described in the same documents. It is therefore difficult to see the context in which the Norwegian-supported projects are intended to work.

There are still examples of good practice relating to concentration and a long-term approach. The embassy in Zambia substantially reduced the number of government projects in 2004–2013 and concentrated assistance in areas where Norwegian efforts are expected to provide added value for the recipient country. Another example is the long-term support to key justice sector institutions in Bosnia and Herzegovina. After the submission and discussion of white paper Meld. St. 17 (2010–2011), the Ministry has concentrated assistance to the country on fewer sectors, where governance is the

most important, and within governance Norway has focused primarily on the justice sector. Several of the justice projects show good effectiveness and are likely to be sustainable.

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## 7.2 Poor planning weakens the orientation on results

In Recommendation No. 93 (2004–2005) to the Storting, cf. Report No. 35 (2003–2004) to the Storting, the Standing Committee on Foreign Affairs stated that a results orientation and quality assurance are essential elements of Norwegian development policy. As a donor, Norway has a responsibility to assess whether proposed projects meet basic quality requirements, are realistic and have clear and verifiable results measurements. These are also fundamental prerequisites for being able to make good assessments of what is actually achieved in the recipient countries.

Good planning of aid projects also requires good contextual understanding, i.e. an understanding of political, economic and legal conditions and processes in the recipient country that affect the project's potential for success. This is particularly important in planning assistance for good governance and anti-corruption. The purpose of this assistance can be to achieve changes in political power structures and processes that authorities in recipient countries often do not believe they will benefit from. It is also important that the projects are coordinated with other donors' projects, and that they are based on past experience.

A majority of the projects in two of the four countries do not for the most part have such a contextual analysis. In the overall sample, two-thirds of the projects have weak contextual analyses.

Another important element of planning is to ensure that the projects have good results frameworks, i.e. measurable objectives for the various steps in the results chain and with good logical coherence. Seventeen of 25 projects have results frameworks that largely do not meet the requirements. This provides a poor basis for follow-up by Norwegian aid administration and for achieving results.

There are individual examples that differ from this general tendency. Support for the World Bank-led project to strengthen public financial management in Uganda (FINMAP II) has a systematic and coherent results framework. The same is true of the project to support the Zambian tax administration (ZRA). These results frameworks contribute to transparency and clarity about what is to be achieved, making it far easier to assess effectiveness and progress in the project.

External appraisal of project proposals is also an important element of the quality assurance of programmes. Depending on the grant scheme, the Ministry of Foreign Affairs normally has a requirement that projects between NOK 15 and 50 million shall be appraised by Norad or other external expertise if the nature of the project makes this necessary or appropriate. All projects exceeding NOK 50 million must be appraised externally. In Afghanistan and Bosnia-Herzegovina, the Ministry of Foreign Affairs has failed to submit proposals for relatively large projects for external appraisal and quality assurance. This includes the Afghanistan Sub-National Governance Programme (ASGP), which has an unrealistic results framework and goals, cf. box 12.

Regarding Bosnia and Herzegovina, the Ministry has not obtained external assessments from Norad or other expert bodies, as opposed to what is normally done for

major projects in other countries. No professional justification was given for this practice.

Development assistance in general, and for good governance and anti-corruption in particular, has a significant risk of failure. Good risk assessments increase the chances of achieving results and are an important step in planning and assuring the quality of assistance projects. Factors that may threaten effectiveness must be identified and assessed, and projects must be established to address the major risk factors. There are major weaknesses in the risk assessments of the projects in all countries in the audit. Of the 25 projects that were examined, 21 largely or completely failed to meet the requirements for identifying, assessing and managing risk. The most positive exception here concerns the support for the fund for civil society in Afghanistan, where the risk assessment requirements have been met to a large extent. This project document also contains a good contextual analysis.

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### **7.3 Inadequate follow-up weakens accountability and increases the risk of weak effectiveness**

Good, timely reporting is important for the effectiveness of the projects. Pursuant to Report No. 35 (2003–2004) to the Storting, Norwegian aid administration is responsible for following up the grants that are awarded and reporting on the use of funds and development results where grants are given. Furthermore, the *Provisions on Financial Management in Central Government* (the Financial Management Provisions) emphasise that the grant manager must obtain reports from grant recipients that make it possible to assess the extent to which the objectives of the grant have been reached. Norway has a duty to react if the aid project is not implemented in line with agreed plans or does not achieve the results that are intended.

Only two of the 25 projects examined – the support for the tax authorities in Zambia and for public finance management in Uganda – submit progress reports from which the degree of goal achievement can be directly read. The reporting for just over two-thirds of the projects contains little relevant results information and often consists of lists of activities carried out rather than specifying the results that have been achieved. Another trait is that reports are written about goals other than what was agreed, making it difficult or impossible to track mentions of planned goals or to assess whether the information is relevant.

However, the tax project in Zambia, represents very good reporting practices by being loyal to the agreed results framework. Achieved results are clearly and systematically compared with what has been planned. It provides a sound basis for assessing progress and identifying implementation problems that the cooperation partners can then discuss and resolve, if necessary, with corrective measures. This form of reporting facilitates more openness and transparency from the outside. This openness can in turn have a disciplinary effect on project execution and bolster the orientation towards the stated objectives.

For half of the projects, the agreements – which define the partners' obligations – do not require the grant recipient to report directly on the goals stipulated in the agreement. Consequently, many of the agreements do not uphold the reporting requirements in the Financial Management Provisions.

The document analysis also shows that those who are responsible for managing grants do not *themselves* assess the project reports for the most part. For most projects, there

is no or little documented assessment of progress and results. The most common feedback to the projects is that annual reports or final reports are received and formally accepted, even in cases where the reports do not meet agreed requirements. The Ministry only exceptionally makes comments to the grant recipients that reporting is inadequate and not in line with the requirements.

When the Ministry accepts such practices, it weakens its ability to verify results and accountability in the management of aid funds. It also undermines the ability to achieve set goals and increases the risk of fraud and irregularities.

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#### **7.4 The weak system for assessing goal achievement provides little learning**

Report No. 35 (2003–2004) to the Storting states that learning is an important part of the quality assurance of development assistance work. In order to learn from the experiences of providing aid for good governance and anti-corruption, it is important that the Ministry of Foreign Affairs has procedures for systematising these experiences through evaluations and in the practical process of making its own judgements of effectiveness. The Standing Committee on Foreign Affairs emphasises the necessity of systematising aid experiences and that evaluations can constitute an important basis for evaluating the focus of future development cooperation.

In the evaluations that have been reviewed, the recommendations that have been given have two common features: increased use of political-economic analysis and more strategic approaches. While these recommendations have not been followed to any great extent so far, there are some exceptions. This applies to the strategy memo for development cooperation with Zambia, which is in line with both of these recommendations. Furthermore, the Oil for Development (OfD) programme places great emphasis on political economy analysis as the basis for its cooperation agreements.

When a project is concluded, the Ministry of Foreign Affairs itself shall evaluate achieved results against what was planned. However, the Ministry has no substantive, systematic and documented own assessment of effectiveness for any of the projects in the sample that have been concluded. The absence of effectiveness assessments provides a poor basis for learning, transfer of experience and improvement work with a view to achieving more effective and results-oriented development assistance.

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#### **7.5 The majority of the audited projects show poor effectiveness and weak sustainability**

Only four of the 25 projects achieved their goals to a fairly high or high degree at the outcome level, the level which the Ministry considers the most important in assessing the projects' effectiveness. Twenty of the projects have largely failed to achieve the objectives that were set for strengthening the institutions or organisations at which they are aimed and their ability to achieve their goals or exercise their function.

Effectiveness is better at the lowest level (output level), where two-thirds of the projects have a fairly high or high degree of effectiveness. This means that the projects have for the most part delivered the planned outputs, such as action plans, software, personnel training and information campaigns.

Effectiveness is the weakest at the impact level, and this coincides with the Ministry's overall assessment of the governance projects' impact at this level in the countries concerned.

In addition to effectiveness, another criterion for assessing aid is whether it is sustainable. According to the OECD's Development Assistance Committee, sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. There are significant challenges with sustainability in the selected projects. Of a total of 25 projects, 13 were assessed as having weak sustainability and eight are uncertain. The projects considered as having good sustainability are three justice projects in Bosnia and Herzegovina and the support for the tax administration in Zambia.

The project in Bosnia and Herzegovina for support for the state court/director-general of public prosecution is perhaps the best example of good practice among these three, since there was a clear strategy to phase out international support in the final phase of this project. The institutions are now funded through the regular fiscal budget in Bosnia and Herzegovina, and they now operate exclusively with national personnel following a scheduled phase-out of internationally appointed judges and prosecution experts.



The justice projects in Bosnia and Herzegovina are among the few projects in the sample that are considered to have good sustainability.

Photo: OAG



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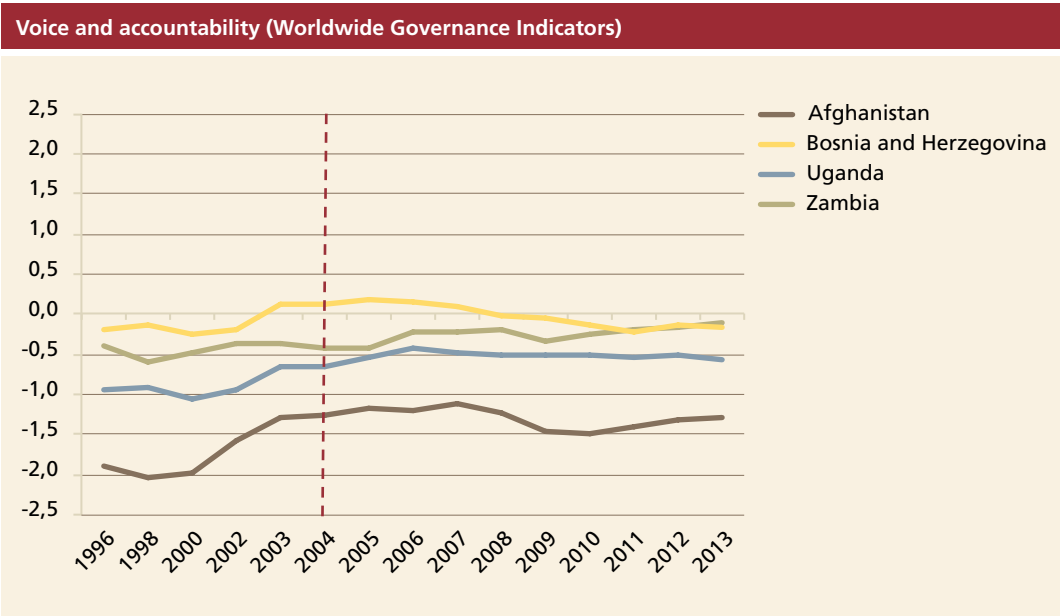
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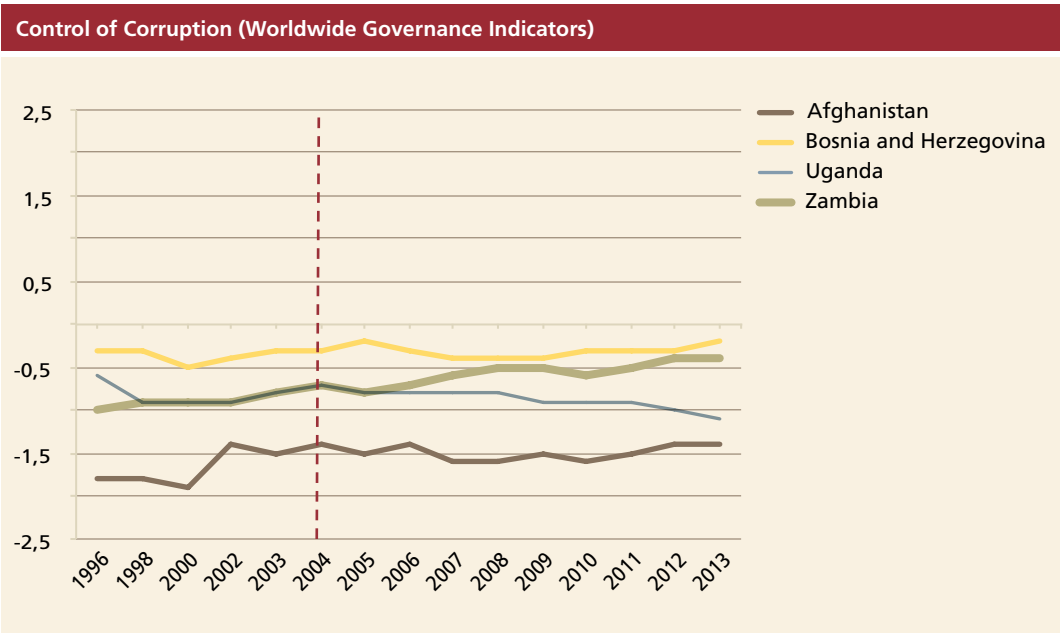
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# Annex

## Annex 1 Statistics referred to in the text

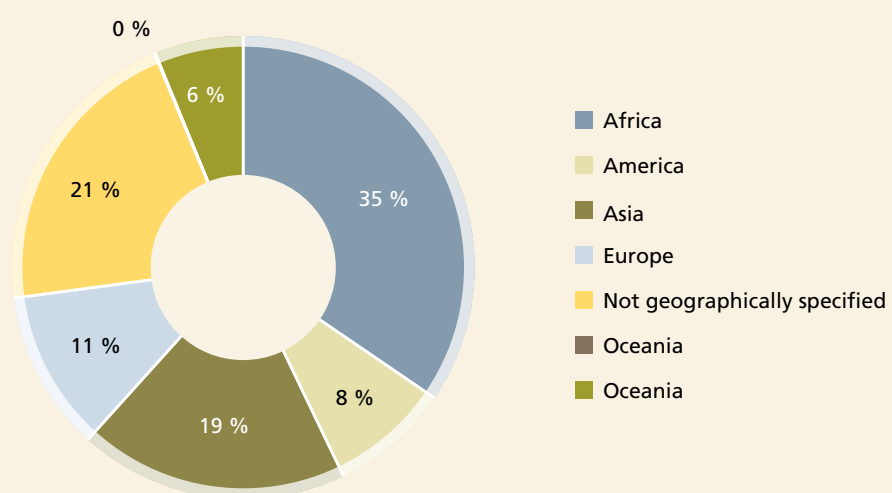


Source: The World Bank



Source: The World Bank

### Governance assistance 2004–2013, by regions



Source: Norad

## Annex 2 Summary of projects supported by Norway and included in the audit

### Selected good governance and anti-corruption projects in Afghanistan

Support for the operation and set-up of the Afghan Civil Service Institute (CSI)	The project was to support the establishment of a modern central administration, in which employment and advancement are based on qualifications. The Afghan Civil Service Institute was to become a strong national institution for human resource development in central public administration. The project ran from 2007 to 2009 and received NOK 13.5 million from Norway.
Basic funding for the Afghan Independent Human Rights Commission (AIHRC)	The contract entailed basic funding for the Commission's strategic plan. The plan's main objective is to promote and protect human rights in Afghanistan with five targets: exercise national leadership, provide training in human rights, support organisations and individuals' ability to promote human rights, support advocacy work vis-à-vis the authorities, monitoring and research. The project ran from 2011 to 2014 and received NOK 13 million from Norway. Through this project and other agreements the AIHRC received a total of about NOK 30 million from Norway since 2007.
National Action Plan for Women in Afghanistan (NAPWA)	The agreement involved the funding of the action plan with NOK 6 million from 2006 to 2009. The agreement was subsequently extended, and Norway disbursed a total of NOK 10.7 million for the project.
Support for UNDP's Accountability and Transparency Project (ACT)	The main objective of the project is to support the national authorities in developing a strategy against corruption, determine the political and organisational basis for anti-corruption efforts, develop tools to measure the extent of corruption, and in engage in public opinion shaping work. The project received NOK 7.4 million from Norway during the period 2007–2009. The project ran until 2012 and received approximately NOK 55 million (USD 8.2 million) from all donors.
Support for Afghanistan Sub-National Governance Programme (ASGP)	Project run by UNDP that supports management reform at the local level with the aim of improving the delivery of public services. Norway disbursed NOK 62 million in the period 2006–2010, while NOK 2.3 million was repaid in 2013.
Support for joint fund for strengthening civil society – Tawanmandi	Together with other donors, Norway finances a joint fund with a secretariat that will provide grants and expert assistance to Afghan civil society organisations and their efforts to promote good governance. The fund will also contribute to better donor coordination of this kind of support. The agreement totals NOK 30 million. Norway disbursed NOK 21 million in the period 2011–2014.

### Selected good governance and anti-corruption projects in Bosnia and Herzegovina

High Judicial and Prosecutorial Council (HJPC I)	The project aimed to support operations and reconstruction of the court administration, the state court and prosecutors. The aim was to contribute to an independent, professional and well-functioning legal system. The project was to finance IT systems, reconstruction and rehabilitation of judicial buildings and operating support for the court administration. The project ran from 2008 to 2010 and received NOK 20.24 million from Norway. In addition, it received NOK 4.8 million from Norway from 2010 to 2011.
Support for Transparency International's local office in Bosnia and Herzegovina	The main objective of the project was improved governance and increased transparency in public administration. By monitoring the corruption situation, the goal is to address and expose corruption. The project ran from 2008 to 2010 and received NOK 1.5 million from Norway. The main objective of a later project was to mobilise citizens to participate in anti-corruption efforts. The project was to support the implementation of the 2009–2014 national anti-corruption strategy. The projects were carried out by ALAC – Advocacy and Legal Advice Centres. Originally scheduled to run from 2012 to 2014, the project was concluded in 2013 with NOK 2.7 million in support from Norway.
Support for the Registry for War Crimes and Organized Crime of the Court and Prosecutor's Office of BiH (War Registry)	The project's main objective was capacity building of national expertise in the judiciary and in institutions that handle difficult criminal cases. The project ran from 2010 to 2012 with NOK 5 million from Norway and was an extension of an earlier project that should have been concluded in 2009.
Support for the Document Management System and System of Integral Protection of the Ministry of Foreign Affairs of Bosnia and Herzegovina (MFA/DMS)	The main objective of the project was to develop a good system for managing documents and sharing information within the foreign service, as well as develop a system for physical control and security of the Ministry Foreign Affairs building in Bosnia and Herzegovina. IMG – International Management Group – monitored its implementation. The project ran from 2011 to 2012 and received NOK 4.2 million from Norway.
High Judicial and Prosecutorial Council (HJPC II)	The project's objective is to address the inefficiency of the judicial process for civil cases and better management of resources through Human Resource Management. The goal is to provide shorter turnaround time for cases, thereby reducing pending cases. An additional aim is to develop a database for war crimes. The project ran from 2011 to 2014 with a total of NOK 52.5 million from Norway, and is a continuation of the project that was to support operations and reconstruction of the court administration under HJPC.
Public Administration Reform Fund (PARF)	PARF is a fund with donors from the United Kingdom, Sweden, the Netherlands, the European Union and the government of Bosnia and Herzegovina. Norway became a partner in 2012. Norwegian interests on the board are handled by Sweden (Sida). PARF I ran from 2011 to 2013. PARF II is a continuation and runs from 2012 to 2015. PARCO (the coordination office) drafted 11 new projects in 2011 that needed additional funding and received support from Norway. The agreement for Norway is NOK 24 million. Norway has paid a total of NOK 21 million.

### Selected good governance and anti-corruption projects in Uganda

The Second Finance Management and Accountability Program (FINMAP)	The project supports comprehensive financial reform, and is co-financed with other donors. The project ran from 2011 to 2014 with a Norwegian contribution of NOK 15 million (total budget of approx. NOK 360 million). The project is an extension of a Phase I project, which ran from 2006 to 2010 (formally ended in 2012), and which was supported by Norway with NOK 25 million.
Joint Budget Support Framework (JBSF)	Support for the Technical and Administrative Support Unit that provides technical and administrative support to the framework for budgetary support in Uganda. The project ran from 2007 to 2014, and received NOK 3 million from Norway (total budget of NOK 44 million).
Justice/Law and Order Sector (JLOS)	Support for reform of the justice sector. Support is provided through a sector fund. The project ran from 2006 is scheduled to end in 2011. After several extensions, the implementation of the project has been completed, although a final report has not been written. Norway's contribution is NOK 50 million out of a total budget of about NOK 850 million.
Strengthening the Multisectoral Approach to Gender Based Violence Prevention and Response (GBV)	The project's main objective was to build capacity to oppose gender-based violence in Gulu and Amura (northern municipalities in Uganda). The project was implemented by UNFPA in collaboration with the Ugandan authorities and ran from 2011 to 2014. The budget is NOK 67 million with Norway as the sole donor.
Country Programme Uganda (Caritas)	The programme aims to strengthen grassroots organisations and local communities to give citizens greater influence and participation in democratic processes and to strengthen their organisation and expertise to initiate activities to improve the quality of life. The programme ran from 2008 to 2012. The Norwegian-funded budget was NOK 28.5 million.
Municipal International Cooperation Programme (MIC)	The programme is a collaboration between Gran and Ringebu municipalities and municipalities in Uganda. The support has funded sanitation and good governance projects. The projects run on a yearly basis, but within 4-year plans – most recently from 2010 to 2013. The budgets are approximately NOK 600,000 per year for each project with payment totalling about NOK 2 million.

### Selected good governance and anti-corruption projects in Zambia

Support for establishment of Financial Intelligence Centre in Zambia (FIC)	The objective of the Financial Intelligence Centre (FIC) is to detect and prevent money laundering and financing of terrorists. The assistance has included funding for necessary infrastructure, including ICT equipment, and study tours, as well as some expert support. The programme ran from 2010 to 2013. Norway disbursed approximately NOK 8.6 million within a total budget framework of approximately NOK 9 million.
Support for the Office of Commissioner for Children in the Human Rights Commission)	The project was supported through Save the Children. The objective was to create a children's ombud function under the Human Rights Commission in Zambia. The assistance included support for establishing a framework for the children's ombud function, and for setting up administrative functions, workshops, events, meetings, hearings and debates, as well as production and distribution of posters, brochures, etc. The programme ran from 2007 to 2009. Norway disbursed a total of approximately NOK 5.4 million during this period.
Public Expenditure Management and Financial Accountability (PEMFA) programme	The programme focused on all stages of the public budget cycle from strategic planning and preparation of the annual budget to implementation of the budget, accounting and reporting, and auditing and public access. The Norwegian aid was part of a programme with multiple donors. The purpose was to reform public sector financial management in Zambia (Public Expenditure Management and Financial Accountability – PEMFA). Norway supported the first part of the programme from 2005 to 2009, disbursing NOK 70 million during this period.
Support for Joint Gender Support Programme (JGSP) with Gender In Development Division	The Norwegian aid was part of a programme with multiple donors. The main aim was to integrate the gender perspective in the public administration and in various sectors of society in Zambia (Joint Gender Support Programme – JGSP). The assistance was administered by the UNDP. The Gender in Development Division (GIDD) in the Zambian central administration was responsible for implementing the programme. Norwegian support for the programme lasted from 2008 to 2012, and totalled approximately NOK 11.2 million.
Support for institutional cooperation between the Norwegian and the Zambian tax administration (ZRA)	The purpose of this programme is to assist the Zambian tax administration (Zambia Revenue Authority – ZRA) to increase tax revenues through capacity building measures, in particular to increase taxation capacity in the mining sector by strengthening the Mining Tax Unit (MTU) in the Large Taxpayer Office. The program has four main objectives: 1. Increase the number, scope and implementation of mining taxes visions; 2. Increased efficiency in tax collection vis-à-vis major taxpayers; 3. Successful investigations and legal action aimed at major taxpayers, particularly mining companies; 4. Better relations with major taxpayers and the mining sector. Institutional cooperation with the Tax Administration in Norway is a key element of the programme. The programme runs from 2011 to 2015. The total framework is NOK 44 million following an addition of NOK 2 million in 2014. A total of NOK 37.1 million has been disbursed.
Support for The Extractive Industries Transparency Initiative programme and Publish What You Pay Programme (EITI/PWYP)	The programme is supported through Norwegian Church Aid, and its objective is to promote greater transparency and accountability in resource management in Zambia at both the national and local level, primarily through the mobilisation of various church organisations. The programme is implemented through the Evangelical Fellowship of Zambia (EFZ), Christian Council of Zambia (CCZ) and Zambia Episcopal Conference (ZEC). A key objective of the programme is strengthening the capacity of civil society and grassroots organisations to enable them to influence the central government with regard to implementing the EITI standard in Zambia, as well as make the population in local communities more aware of the environmental consequences and revenue streams from resource extraction in their vicinities. The OAG's audit has looked at the part of the programme carried out by EFZ, which focuses on responsible forest management. The programme runs from 2009 to 2015. A total of approximately NOK 17.8 million was disbursed from 2011 to 2014, of which approximately NOK 5.2 million was disbursed to EFZ.



#### Selected good governance and anti-corruption projects in Zambia

Support for umbrella organisation for women's organisations in Zambia (NGOCC)	Its purpose is to strengthen gender equality work through the umbrella organisation Non-Governmental Organisations Coordinating Council (NGOCC). NGOCC's duties include: a) Coordinate the activities of the various women's organisations; b) Implement capacity-building measures in organisations; c) Establish a system to collect, store and disseminate information on women-related issues; d) Conduct regular meetings, workshops and seminars for member organisations; e) Initiate and coordinate campaigns, demonstrations and marches for issues of common interest for the women's movement in Zambia. Norway has supported basic funding for NGOCC's work from 1999. Since 2003, Norway has also financed a special fund for grants for activities organised by the member organisations. Norway has disbursed a total of approximately NOK 90.4 million to NGOCC and its member organisations in the period 1999–2014.
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### Annex 3 Criteria for evaluations in analysis form

Effectiveness	To a high degree	Most output and outcome level goals achieved and documented. Impact substantiated.*
	To a fairly high degree	Partial achievement of some outcome level goals, with convincing documentation
	To a low degree	Some of the lower level goals achieved Outcome level goals not achieved or not convincingly documented
	None / not at all	Goals not achieved or not convincingly documented
Are the results permanent?	Yes	It is likely that the proven results are permanent, and that the project will have a positive effect after it is completed.
	No	It is not likely that the proven results are permanent, and/or it is not likely that the project will have a positive effect after it is completed.
	Uncertain	There is insufficient documentation to make an assessment of the duration of the results. Either because it is uncertain whether the project has significant results, or because it is not possible to assess based on available information about whether the results are permanent.
Do the governing documents deal with good governance and anti-corruption (GG/AC)?	To a high degree	Good governance/anti-corruption (hereinafter: "GG/AC") receive wide mention. The main challenges in the country in the GG/AC area are well described, and the Norwegian projects are appropriately placed in a larger context.
	To a fairly high degree	GG/AC receives fairly large mention, but the discussion is primarily project-focused and not tied to a more thorough analysis of the main challenges in the country in the GG/AC area, including the relationship between the Norwegian projects and these challenges.
	To a low degree	GG/AC is mentioned only briefly or summarily, i.e., not as separate sections or subsections.
	None / not at all	GG/AC is not mentioned at all.
Contextual analysis	To a high degree	Discussion of legal and institutional context Discussion of earlier reforms and projects in same area Assessment of political economy
	To a fairly high degree	Discussion of legal and institutional context Discussion of earlier reforms and projects in same area Limited assessment of political economy
	To a low degree	Limited mention of legal and institutional context No mention of political context, apart from possible reference to importance of political will No or limited critical discussion of earlier reforms and projects
	None / not at all	No or very little mention of the context for the project and the issues it addresses.
Goal hierarchy and results framework	To a high degree	Baseline and measurable goals and milestones at all levels Good logical connection between the various goal levels Methodology and responsibility for data collection ready
	To a fairly high degree	Goal hierarchy stated up to impact level Has baseline and measurable goals and milestones at most levels Relatively good, logical connection between the various goal levels
	To a low degree	Goal hierarchy stated up to outcome level Lacks baseline Lacks measurable goals and targets at outcome level No strong logic in the relationship between the levels (not logically obvious that outputs will lead to outcomes and impact)
	None / not at all	No goal stated, or only at input/output level

Risk assessment/ management	To a high degree	The assessment includes grading of both probability and consequences Assessment includes both institutional and political factors Credible risk-mitigating measures in place
	To a fairly high degree	Risks assessed and graded (such as "low", "medium" and "high") The assessment does not include all aspects of institutional risk (for example, lack of capacity and/or incentives for reform), political (for example, special interests, lack of political priority) Risk-mitigating measures in place to some extent
	To a low degree	Limited assessment of risk, but not systematically graded
	None / not at all	Risks not assessed
Sustainability assessment/ management	To a high degree	Thorough assessment of the financial and political factors affecting sustainability Thorough assessment of ownership of the project Convincing measures to enhance sustainability
	To a fairly high degree	A certain degree of assessment of factors affecting sustainability, including financial, political and ownership Adaptation of measures to enhance sustainability
	To a low degree	Limited assessment of sustainability No link between assessments of sustainability and contextual analysis No convincing measures to ensure sustainability
	None / not at all	No assessment of sustainability
Progress plan	To a high degree	Progress plan with goals and annual milestones at all levels, measurable up to outcome level Clear who is responsible for what
	To a fairly high degree	Progress plan with a list of activities and measurable milestones up to output level Clear who is responsible for what
	To a low degree	List of activities and budget for the following year Measurable milestones are missing
	None / not at all	Progress plan is missing
Results reporting	To a high degree	Annual reporting against measurable milestones up to outcome level Deviations explained
	To a fairly high degree	Annual reporting against measurable milestones up to output level Deviations explained to a certain extent
	To a low degree	Annual reporting, but not systematically reported against annual milestones in the progress plan/project document Deviations not explained
	None / not at all	Annual reports missing
Is progress assessed by the embassy (or Norad in the case of civil society projects)?	To a high degree	The embassy participated in annual meetings, with detailed comments. The embassy's assessment of progress is also documented separately, as input to the annual meetings and/or in the form of memos following annual meetings.
	To a fairly high degree	The embassy participated in annual meetings, and has used these to comment in detail on progress.
	To a low degree	There are minutes from annual meetings, but little or nothing in the minutes in the form of reviews of progress from donors, or no indication that the comments were contributed by Norway.
	None / not at all	No documentation of assessment

Has the embassy (Norad) laid down requirements for changes in project design?	To a high degree	Strong requirements for extensive changes, with clear consequences if the demands are not complied with.
	To a fairly high degree	Requirements or clear suggestions for changes beyond minor adjustments in plan. This may include dropping outputs, adding new outputs, or adjustments of the overall objectives.
	To a low degree	Proposals for small changes in priorities and/or sequence of activities, or in reporting.
	None / not at all	No critical comments on progress and/or suggestions for changes or adjustment of action plan, strategy and/or reporting.
Have plans been adjusted as a result of problems/ learning?	To a high degree	Extensive changes made by plan as a result of built-in mechanisms for making adjustments in progress. May include dropping or adding outputs, and/or adjustments of overall objectives.
	To a fairly high degree	Extensive changes made by plan as a result of serious implementation problems. May include dropping or adding outputs, and/or adjustments of overall objectives.
	To a low degree	Small changes made as a result of implementation problems, but no change of overall strategy or planned outputs.
	None / not at all	No change made of plans.

\*: output = product level; outcome = user level; impact = society level

Source: OAGN

## Annex 4 Measurability of the goals at the different levels

### Afghanistan

	To a high degree	To a fairly high degree	To a low degree	Not at all
Measurable goals – impact		1	4	1
Measurable goals – outcome		2	3	1
Measurable goals – output	1	4	1	

Source: OAGN

### Bosnia and Herzegovina

	To a high degree	To a fairly high degree	To a low degree	Not at all
Measurable goals – impact		1	4	1
Measurable goals – outcome		4	1	1
Measurable goals – output		5		1

Source: OAGN

### Uganda

	To a high degree	To a fairly high degree	To a low degree	Not at all
Measurable goals – impact		1	1	4
Measurable goals – outcome	1		3	2
Measurable goals – output		1	4	1

Source: OAGN

### Zambia

	To a high degree	To a fairly high degree	To a low degree	Not at all
Measurable goals – impact		1	5	1
Measurable goals – outcome		2	5	
Measurable goals – output	1	5	1	

Source: OAGN

◀ Background and objectives for the audit.  
Findings and recommendations.





# The Office of the Auditor General's investigation of development assistance for good governance and anti-corruption in selected partner countries

## BACKGROUND AND OBJECTIVE OF THE AUDIT

Support for strengthening governance and the fight against corruption is one of the highest priority areas for Norwegian assistance. In 2004–2014, NOK 26 billion, about 10 per cent of Norwegian development assistance, was spent on such projects.

The aim of the audit was to assess the quality of the management of Norwegian assistance for good governance and anti-corruption, and to assess effectiveness and sustainability – whether the results continue after aid funding has been withdrawn.

The audit encompasses a review of overall management and projects in Afghanistan, Bosnia and Herzegovina, Uganda and Zambia. These countries received NOK 2.74 billion, just over 10 per cent of Norwegian assistance for good governance in 2004–2014.



## Findings and recommendations

### Development assistance for good governance and anti-corruption lacks strategic focus

- In 2014, such assistance was distributed to nearly 100 countries and 1,750 individual projects. Efforts to concentrate aid on fewer projects and countries have not produced significant results so far. The Ministry of Foreign Affairs has no clear strategy for governance assistance and has marginally addressed the key challenges in the selected countries in the governing documents.
- The Office of the Auditor General (OAG) recommends that the Ministry of Foreign Affairs consider formulating a strategy based on key goals and instruments in the area.

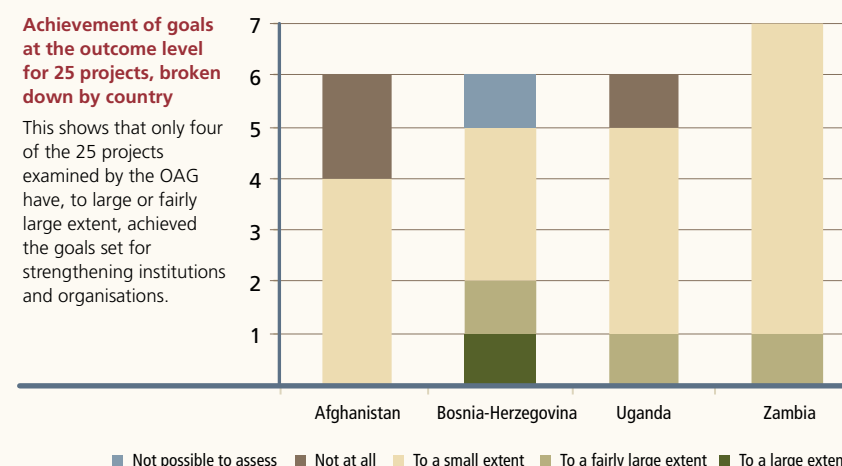
### The majority of the governance and anti-corruption projects that were examined have poor effectiveness and weak sustainability

- Twenty of the 25 audited projects largely failed to achieve the objectives for strengthening institutions or organisations and their ability to achieve their goals or exercise their function. There is even weaker achievement of goals such as less corruption, strengthened rights and greater political participation. However, two-thirds of the projects have, to a fairly large or large extent, delivered the planned outputs, such as action plans, software, seminars and training of personnel. The sustainability of the projects – that the effects continue after funding has been withdrawn – is largely uncertain: Thirteen of the projects are considered to have weak sustainability, and 8 are uncertain.

### Poor planning weakens the orientation on results


#### Inadequate follow-up increases the risk of poor goal attainment

- The planning documents for two-thirds of the 25 projects have weak analyses of political, economic and legal conditions.
- There are major weaknesses in the goal structure and unclear criteria for goal achievement for two-thirds of the projects in the sample.
- The reporting from the vast majority of the projects provides little relevant information about results.
- The OAG recommends that the Ministry of Foreign Affairs
  - strengthen its knowledge base for governance and anti-corruption assistance in the most important recipient countries
  - improve its management practices by ensuring a proper goal structure for the projects, clear criteria for confirming goal achievement, and better reporting by recipients in accordance with this



### The weak system for assessing goal achievement provides little learning

- The Ministry has no documented assessment of goal achievement in any of the audited projects that were completed.
- The OAG recommends that the Ministry of Foreign Affairs strengthen the basis for its own learning by introducing a structured and systematic measurement of goal achievement in individual projects.



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