EVALUATION DEPARTMENT

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Norad

Evaluation of the Norwegian Aid Administration's Practice of Results-Based Management

Commissioned by
the Evaluation Department

Carried out by
Itad in association with Chr. Michelsen Institute (CMI)

Written by
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Foreword

The results' agenda has become increasingly important over the last years. Results-based management is the governing principle for management of public funds, and an approach to promote effective and efficient aid. Information about development outcomes can promote both transparency and learning with improved effectiveness as a result. Yet, existing evaluations have found the quality of results-data to be poor, and found management lacking with respect to strategies and programme theories. The purpose of this evaluation has been to improve the aid administration's current practice of results-based management by documenting how this is currently done and by identifying areas of improvement. We believe this evaluation provides important evidence for the government's work to reform the aid administration as a means to improve effectiveness.

The evaluation was carried out by the British consultancy company Itad Ltd. in collaboration with the Chr. Michelsen Institute, Norway.

We are grateful for expert advice from our external advisor John Mayne, for extensive stakeholder comments throughout the process, and to the team for a job well done.

Oslo, March 2018

Per Øyvind Bastøe
Director, Evaluation Department

Acknowledgements

The evaluation team would like to express their warm thanks to the various grant managers, aid officials and staff within CSOs, the UNDP and the Evaluation Department in Norad and who gave their time to help us conduct this evaluation.

Disclaimer
The views expressed in this report are those of the evaluators. They do not represent those of the Norwegian aid administration or of any of the individuals and organisations referred to in the report.

The evaluation team and their roles
The evaluation team consisted of four persons: three from Itad and one from CMI – Paul Balogun (evaluation team leader, Itad), Rob Lloyd (project director, Itad), Espen Villanger (CMI) and Mary Lagaay (Itad). The team leader guided the work of the team and ensured all team members contributed to the work as required and according to their experience and skills. Vilde Valland and Sandra Halvorsen carried out the extraction of relevant documentation from the Norad and MFA archives.

Executive Summary

KEY CONCLUSIONS:

› Despite the political commitment to being 'results orientated' and ensuring 'funds deliver results', there has been no attempt by the aid administration to articulate what Results-Based Management (RBM) looks like for Norwegian development assistance, how it should operate at what levels, or the value it brings to achieving development outcomes.

› In the absence of this vision and strategy, RBM has become associated with demonstrating and reporting results. While the use of RBM in this way might contribute to greater transparency in the use of Norwegian development assistance and improve public understanding and possibly trust in aid, it adds little in terms of contributing to the delivery of better development outcomes by partners.

› If the goal of the aid administration is to enable the Norwegian funds to have the biggest contribution to development outcomes as possible, it needs to move beyond simply asking partners for more and better results evidence so as to satisfy reporting requirements, to clearly articulating how it wants to use this data to learn and inform decisions about what and who it funds.

Results-based management (RBM) is a management strategy. It involves setting objectives, measuring achievement against these, using this information to learn what is working and what is not and, based on this, adapting and reporting progress. The application of RBM can help drive improved effectiveness, efficiency and transparency in how resources are used. RBM has been promoted by the Norwegian government as a core strategy for managing public funds. Commitments to managing for results have also been made by the government in numerous political platforms.

This evaluation had three objectives: First, to understand how the Ministry of Foreign Affairs (MFA) and Norwegian Agency for Development Cooperation (Norad) practice RBM and how they have operationalised it in the context of development assistance. Second, to understand the consequences of the current RBM approach, including how it affects what and who the aid administration funds (and to what degree). Third, to look at how RBM contributes (or not) to development outcomes. The overall goal of the evaluation is to contribute to improved results-based management in the Norwegian aid administration.

Through the evaluation we covered both the MFA and Norad. The focus is on how RBM is practised at the headquarters level, and draws mainly on how the aid administration uses RBM in managing the allocation and use of money by civil society organisations (CSOs) and the UN organisations. The evaluation does not examine how RBM is practised in the bilateral programme of Norwegian aid managed out of the Norwegian embassies. Important

also, is that the focus of the evaluation is on how the aid administration practices RBM, not its partners.

Because the aid administration does not have a clear statement on what it understands by RBM or how to operationalise it, for the purposes of the evaluation, we had to develop our own view of how we would expect RBM to work in practice. This drew on regulations and guidance on RBM across the Norwegian government, aid administration documentation and consultation with MFA and Norad stake-holders. We defined RBM as:

A management strategy that seeks to ensure the effective, efficient and transparent delivery of development assistance using results evidence (e.g. partners' results reporting and evaluations) to inform the allocation of funds and shape development policy. This is done through setting objectives, measuring achieve-ment against these, using this information to understand what is working and what is not and, based on this, adapting (learning) and reporting progress (accountability). [1]

Based on this definition, we put forward that we would expect to see RBM operationalized at three levels within the aid administration:

› **The strategic level** - In the development of and reporting against the MFA's annual budget (called proposition 1) and in the subsequent decisions around how funds should be used by Norad (through allocation letters) and Departments/Sections within the MFA.

› **The portfolio level** - In the management of groups of grants contributing to a common set of objectives with a common underlying programme logic. This could be through grants schemes (e.g. civil society and democratisation), programmes (e.g. Oil for Development) or cross administration strategic priorities (e.g. education).

› **The grant level** - In the decisions around and management of individual grants to partners.

The evaluation drew on evidence from multiple sources, including close to 90 interviews with stakeholders from MFA and Norad, the Norwegian Directorate for Financial Management, four Oslo-based CSOs and UNDP; a detailed review of documentation drawn from the archives, including relevant Norad and

other evaluations, and reviews of experience with RBM in development cooperation; 14 case studies examining the experience of implementing RBM at the three levels in the aid administration (strategic, portfolio and grant); and validation and recommendation workshops with representatives from MFA, Norad and Oslo-based CSOs.

The main limitation of the evaluation is that we did not examine how RBM is practised in the Norwegian bilateral aid programme. This has meant care has needed to be taken in making recommendations that are broadly generalisable to how RBM is implemented across the whole aid administration.

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1 This definition draws heavily on the 2006 definition of RBM outlined in the Directorate for Financial Management's (Direktoratet for Økonomistyring (DFØ)) guide to RBM and its subsequent guidance in 2010 that described RBM as a management wheel.

KEY FINDINGS AND CONCLUSIONS

EQ 1: How is results-based management practised by the aid administration?

Conclusion 1: **There is not a shared understanding of what RBM is across the aid administration or a common vision for how it should add value to the delivery of Norwegian development assistance. As a result, there is considerable variation in how RBM is interpreted and practiced.** Commitments to being 'results orientated' and ensuring 'funds deliver results' are consistently found in government documents, but there is no detail on what this should look like in practice. The only guiding documentation is the Norwegian Directorate for Financial Management's definition of RBM. The aid administration has not articulated what RBM looks like for Norwegian development assistance, how it should operate at different levels, or the value it brings to achieving development outcomes. In the absence of this, individuals within the aid administration have interpreted RBM in the way that makes most sense to them and as a result how RBM is practiced varies considerably.

Conclusion 2: **The current orientation of RBM does not effectively balance the two main purposes of RBM - learning and accountability.** RBM is both about demonstrating accountability for results and using results evidence to learn and inform ongoing decision making. Currently, the main focus of RBM within the aid administration is towards gathering and using results evidence to demonstrate what partners have achieved with Norwegian tax payers' money and to report this to senior management, parliament and the public. While this creates greater transparency in the use of ODA it will not make Norwegian development assistance more effective, or help deliver the government's commitment to orientate development cooperation towards ensuring more evidence-based and effective aid.

Conclusion 3: **While there have been efforts to improve RBM in recent years, these have been focused primarily at the level of grant management and on improving the quality of partner's results data.** Given Norway's partner-led approach, the aid administration is reliant on partners' reporting to provide the majority of its results evidence. Significant effort has been put into improving this recently, most notably through the quality of partners' results frameworks and RBM systems. While there is an underlying logic to this approach - you cannot begin to use results data for decision making, before it is sufficiently robust and credible - a challenge is that it means partners are in some cases reporting data which they perceive to have questionable value for their own purposes, but do so because they think the donor needs it. The aid administration has rarely thought through exactly why it needs the requested data, other than to monitor what partners are doing. This can lead to high transaction costs for partners.

Conclusion 4: While introducing a greater RBM focus to the annual budget process (Proposition 1) will be challenging given the political nature of this level of decision making, a clear and consistent RBM approach at the lower levels of the aid administration could add significant value to how the aid administration functions.

Currently, the goals and objectives in the annual budget proposal are often specified at a broad policy level and the aid administration is not taking responsibility for operationalising these in either the allocation letters to Norad or in how funds are allocated to departments and sections within the MFA. In the absence of this operationalisation of the annual budget, it makes it very difficult for the aid administration to practice RBM at the strategic level. Likewise, at the portfolio level, while we found pockets of RBM being practiced at this level, these were not commonplace. In addition, where they do exist, they were primarily focused on reporting results across the portfolio rather than using results evidence to manage and learn across the portfolio.

Conclusion 5: While a number of the foundational features of RBM are in place in the aid administration, a results and learning culture is not.

Aspects of RBM are relatively technical, for example: measuring results, making sure results evidence is reported at the right time, and having systems in place to bring different data sets together to create a summarised picture of results. Elements of this are present in the aid administration. What we judged to be missing is a culture in which staff systematically seek out and learn from robust evidence (results data and evaluations) on what works and what does not, and takes action based on this. Central to this is leadership on results. While there is a general commitment among senior management in MFA to having 'a results orientation' this is not the same as senior management role-modelling the use of results data in their day-to-day work. We found that there is no sustained senior management leadership on RBM in the aid administration.

EQ 2: What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners?

Conclusion 6: We found little evidence that results evidence has been systematically used to inform decisions on either what or whom to fund or in the design of grant schemes.

An assumed consequence of RBM is that decisions on what and whom to fund are made based on evidence of results: those initiatives or organisations that show good results are supported with more funding, while those that show consistently poor performance have funding stopped or reduced. We did not find evidence that results data was consistently being used in this way. At the strategic level, for example, while there is a commitment to focus on areas where Norway can contribute to results, we found no evidence to suggest that there had been or was going to be a systematic analysis of results data to inform what these focus areas should be. Likewise, at grant level, we found efforts to bring results evidence into funding decisions, but on balance, other factors such as political priorities or the fact that an organisation was a long-term partner seemed to have the most significant bearing on the final allocation decision.

Conclusion 7: While the aid administration's RBM requirements have led to partners investing in their RBM systems, and in some cases gaining new insights that have informed decision making, the requirements have often skewed partner's RBM systems to generating data for reporting, rather than improvement and learning. At times, this has led to an increase in transactions costs.

A positive consequence of the aid administration's RBM requirements is that it has spurred on partners to invest in and strengthen their own RBM systems. This has led to RBM adding value in a number of ways. For example, some partners reported collecting new data at the aggregate level which has informed internal decisions about how resources should be allocated between countries. However, the aid administration's RBM requirements have also had unintended consequences. Notably, we found evidence to suggest that partner's RBM systems are being skewed to meeting the reporting expectations of the aid administration. In some cases, this focus on reporting was the driving force behind the partner's entire RBM system. In these cases, we found data being collected which partners do not see the value of, and do not use to inform internal decision making, but collect because it is a reporting requirement. The aid administration needs high quality data from partners to be able to ensure accountability for resources and manage for results itself – this is inevitable. But there needs to be greater clarity on what data the administration needs for these two purposes and why.

EQ3: How does the aid management's existing practice of results-based management contribute (or not) to development outcomes?

Conclusion 8: While the aid administration's focus on reporting results will contribute to greater transparency in the use of Norwegian development assistance and improve public understanding and possibly trust in aid, it is unlikely to contribute to the delivery of better development outcomes by partners.

The story we have told through this evaluation is one where RBM is being practiced, but with a very strong focus on measuring and reporting results and very little consideration given to how this data can be used (and should be used) to inform decision making in the aid administration. This approach will undoubtedly contribute to greater transparency in the use of Norwegian development assistance and is likely to improve public understanding and trust, but it will not drive improvements in aid. It will not result in a better understanding of what works, or resources flowing to initiatives, organisations and programmes that show the most promising results. While there are pockets within the aid administration where individuals and teams are trying to use results evidence in this way, they are not systematic. At the grant level, the picture is more mixed. While we did find instances of the aid administration's RBM requirements leading to results data informing decisions and improving partners' understanding of change, which could plausibly lead to better development outcomes, these were by no means widespread. The dominant effect of the RBM requirements on partners was to increase the extent of partners reporting.

RECOMMENDATIONS

1. **The aid administration needs to develop a vision and strategy for RBM** that articulates what the added value of RBM should be to Norwegian aid and that balances the contribution of RBM to learning and knowledge sharing, as well as reporting.

2. **Senior leadership within the aid administration need to role model the use of results-evidence in decision making.** They need to be seen to be actively questioning what the evidence base for decisions are and prioritising the generation of robust evidence to inform decisions at all levels.

3. **Senior leadership need to operationalise RBM at the strategic level within the aid administration by operationalising the high-level policy objectives outlined in the government's annual budget into a set of lower level objectives.** These should then be reflected in allocation letters and the resources allocations to Departments/ Sections in the MFA and provide the focus for results reporting and learning.

4. **The aid administration should adopt a more consistent approach to how it structures its work through portfolios and operationalises RBM at this level.** This includes the development of portfolio results frameworks and using decentralised evaluations to run alongside portfolios to help with ongoing portfolio management and learning.

5. **The aid administration should be cautious of not allowing its reporting demands to skew the focus of partners' RBM systems away from generating data that is most useful to them for learning purposes.** This includes a more judicious promotion of common quantitative indicators as the primary way for partners to develop an summarised picture of results, and acceptance of other approaches proposed by partners where appropriate, as well as a greater focus in the management of grants on probing partners to articulate – based on results evidence – not just what they are achieving but also what is not working and why, and what are they learning.

1. Introduction

Results-Based Management (RBM) is a management strategy. It involves setting objectives, measuring achievement against these, using this information to learn what is working and what is not and, based on this, adapting and reporting progress. The application of RBM can help drive improved effectiveness, efficiency and transparency in how resources are used. RBM has been promoted by the Norwegian government as a core strategy for managing public funds. Commitments to managing for results have also been made by the government in numerous political platforms.

This evaluation has three objectives:

› First, to understand how the Ministry of Foreign Affairs (MFA) and Norwegian Agency for Development Cooperation (Norad) practice RBM and how they have operationalised it in the context of development assistance;

› Second, to understand the consequences of the current RBM approach, including how it affects what and who the aid administration funds (and to what degree);

› Third, to look at how RBM contributes (or not) to development outcomes.

The overall goal of the evaluation is to contribute to improving RBM in the Norwegian aid administration.

To meet this goal, the evaluation is focused on answering three questions:

1. How is results-based management practised by the aid administration in its management of grants?

2. What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners?

3. How does the aid administration's existing practice of RBM contribute (or not) to development outcomes?

Through the evaluation we cover both MFA and Norad. The focus is on how RBM is practised at the headquarters level and draws mainly on how the aid administration uses RBM in managing the allocation and use of money by civil society organisations (CSOs) and the UN organisations. The evaluation does not examine how RBM is practised in the bilateral programme of Norwegian aid managed out of the Norwegian embassies. Importantly,

the focus of the evaluation is on how the aid administration practices RBM, not its partners.

The report is structured in six sections. Section one is the introduction. Section two provides a short overview of the history of RBM. Section three looks at what RBM means in the context of the Norwegian government and specifically the aid administration. Section four describes the methodology we used in the evaluation. Section five presents our findings grouped according to the three main evaluation questions, and section six includes our conclusions and recommendations. The annexes include the original terms of reference, a list of stakeholders that we consulted and references. Two more annexes, on data collection tools and a rapid review of the RBM literature, are published separately at norad.no/evaluation.

Throughout the report a number of phrases are consistently used. To avoid confusion around their meaning Box 1 provides a list of definitions.

BOX 1 // DEFINITION OF KEY TERMS USED IN THE REPORT

Aggregating: Aggregated data can form part of a summary of results but aggregation has a more specific meaning in results reporting i.e. the use of numeric information from different sources to reach an overall figure that describes the totality of change across different projects, programmes or countries.[*]

Evidence use: Our understanding is that when results data inform decision making rather than decision making being results based, then that is the use of results information. This understanding recognises the growing literature on evidence-informed policymaking that argues that evidence is just one part of a patchwork of factors influencing decisions, alongside political and strategic considerations, expert opinion, stakeholder and public pressure, and resource constraints. We also understand that the use of results information can be both instrumental and conceptual in nature.

Learning and results culture: a culture in which staff systematically seek out and learn from robust evidence (results data, evaluations) on what works and what does not and takes action based on this.

Portfolio: the management unit for a group of grants contributing to a common set of objectives with a common programme logic.

Results-based management: a management strategy that seeks to ensure the effective, efficient and transparent delivery of development assistance using results evidence (e.g. partners' results reporting and evaluations) to inform the allocation of funds and shape development policy. This is done through setting objectives, measuring achievement against these,

using this information to understand what is working and what is not and, based on this, adapting (learning) and reporting progress (accountability).

Results data/evidence: Our understanding of results, while grounded in the OECD (Organisation of Economic Co-operation and Development) Development Assistance Committee's (DAC) definition *(the output, outcome or impact (intended or unintended, positive and/or negative)[**] of a development intervention)*, is broader and also encompasses information on organisational performance and systems. Results data can come from partners' results reporting, reviews, decentralised evaluations, commissioned by partners, the aid administration, independent evaluations or research.

Strategic level: the process around the development of and reporting against the budget proposal to the Storting (Prop. 1) and the subsequent decisions around how funds should be used by Norad (through allocation letters) and Departments/Sections within the MFA (when these are not specified in the budget proposal approved by parliament.)

Summarising: Summarising results is a broad term that can cover a range of different approaches to present an overview of what has changed, what an organisation's contribution to that change has been, and what has been learned in process.[***]

[**] https://www.oecd.org/dac/evaluation/2754804.pdf.

[***] Intrac (2016) Seeing the woods for the trees: summarising results, Ministry of Foreign Affairs of Denmark / Danida. https://www.intrac.org/wpcms/wp-content/uploads/2016/09/Seeing-the-Wood-for-the-Trees-Summarising-Results-1.pdf.

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[*] Ibid.

2. Background to results-based management

While setting and planning delivery against objectives has a long history in governments, results-based management (RBM) as a distinct approach in development cooperation arose in the 1990s. It was a direct response to efforts made by the members of the Organisation for Economic Co-operation and Development (OECD) to improve public-sector performance by introducing a system of new public management (NPM). NPM was first introduced in the 1980s and is characterised by a shift in emphasis from process accountability (i.e. have inputs been used in accordance with the rules?) towards accountability for results (i.e. has the money been spent efficiently and effectively?) (Saltmarshe et al., 2003, 23; Eyben, 2013, 13). A further driver for the introduction of RBM was the adoption of the Millennium Development Goals (MDGs) in 2000. For the first time, the international community set global goals, targets and indicators for reducing the many dimensions of extreme poverty for the period to 2015 (OECD/DAC, 2005/2008) and systems needed to be put in place to track and manage delivery against these.

Broadly, critiques of RBM based on experience over the past 20 years, fall into several camps and these are touched upon in the literature review in Annex 5 (published separately at norad.no/evaluation). Common critiques of RBM as usually implemented, reflecting the assumption drawn from the NPM paradigm, include that it: (i) assumes that change is technical, linear and predictable; (ii) does not acknowledge that those involved in development cooperation relationships often have different theories about the causes of problems, solutions and pathways to change; and (iii) assumes that people are driven by individual interest and financial incentives alone and ignores the importance of informal relationships, power and social norms. This has led to alternatives to the dominant approach to RBM, including Problem Driven Iterative Adaptation (PDIA) or mainstreaming the use of political economy analysis and theories of change and management for outcomes. However, as concluded by Shutt (2016), experiences trying to institutionalise management approaches supportive of politically smart, complex programmes in order to transition to an alternative development management paradigm have proven challenging and are certainly not a panacea.

3. The Norwegian context

This section provides background to how results-based management (RBM) is approached in the Norwegian government and the aid administration. Section 3.1 provides details of the various regulations and guides which exist centrally within government outlining the broad approach to RBM. Section 3.2 provides details of how the aid administration specifically, understands and approaches RBM.

3.1 THE GOVERNMENT OF NORWAY'S UNDERSTANDING OF RESULTS-BASED MANAGEMENT

The Norwegian government's approach to RBM is grounded in a number of documents. The Public Financial Management regulations set high-level principles for how public funds should be managed. While not explicitly referencing RBM, the regulations set an overall framework for management across the Norwegian government (see Box 2). Within this overall framework, the Norwegian Directorate for Financial Management (Direktoratet for Økonomistyring (DFØ)) has developed specific guidance on RBM that were issued in 2006.

The guidance defines RBM as *'Setting objectives for what the organisation should achieve, measuring results and comparing these with the targets, and using this information both for accountability and learning in order to improve and better the organisation's activities'.*[2] In addition, the guidance states that the purpose of managing by results is to *'increase effectiveness and efficiency'.*[3]

Further guidance was issued by the Norwegian Directorate for Financial Management in 2010, which sets out RBM as a management wheel (figure 1, next page) and strategy. Together both documents provide significant flexibility to government departments in how they operationalise RBM according to their specific operating context. However, it is

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2 Translated from Norwegian: "Å sette mål for hva virksomheten skal oppnå, å måle resultater og sammenligne dem med målene, og bruke denne informasjonen til styring, kontroll og læring for å utvikle og forbedre virksomheten." https://dfo.no/fagomrader/okonomiregelverket/ord-og-begreper/glossary/m/mal–og-resultatstyring/ accessed 31 January 2017. This definition was also included in the original terms of reference for this evaluation.

3 Translated from Norwegian: «Hensikten med mål- og resultatstyring er å øke effektiviteten og få mer ut av ressursene ved at underliggende nivå får frihet til selv å bestemme hvilke virkemidler som skal brukes for å nå målene.» https://dfo.no/fagomrader/okonomiregelverket/ord-og-begreper/glossary/m/mal–og-resultatstyring/ accessed 31 January 2017.

BOX 2 // BASIC MANAGEMENT PRINCIPLES, TAKEN FROM THE PUBLIC FINANCIAL MANAGEMENT REGULATIONS

All government agencies shall:

› Adopt objectives and performance requirements within the framework of the available resources and the defined expectations of the responsible authority;

› Ensure that adopted objectives and performance requirements are achieved, that resources are used efficiently and that agency activities comply with applicable laws and regulations, including requirements as to good administrative practice, impartiality and ethical conduct;

› Provide adequate management information and an appropriate basis for decisions.

Ministries shall also adopt overall objectives and governance indicators for subordinate agencies. Management, monitoring, control and administration shall reflect the distinctive characteristics, risk profile and significance of each agency.

assumed that whatever approach is taken to RBM will be strongly linked with the delivery of the government's annual planning and budget-setting processes.
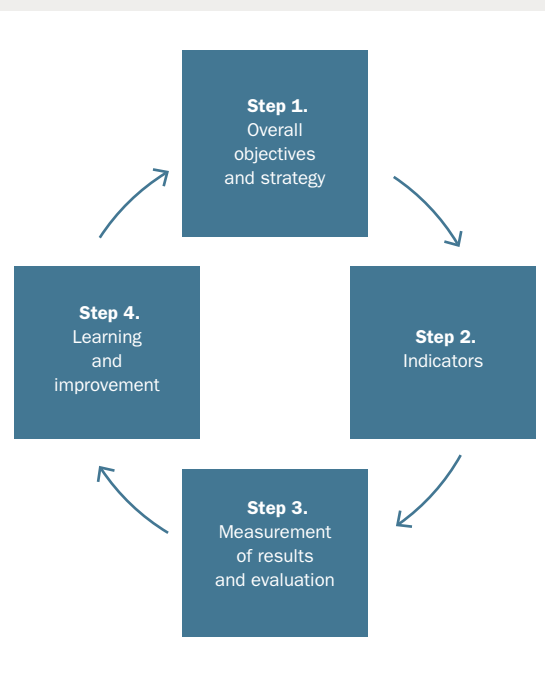
* The language used in the management wheel has changed slightly from what was used in the original terms of reference for the evaluation and our inception report. On the advice of DFØ "Styringsparameter" has been translated as indicators, instead of management parameters. Indicators may be quantitative or qualitative and may be objective or subjective in nature.

3.2 RESULTS-BASED MANAGEMENT IN THE AID ADMINISTRATION

There is no single document that comprehensively sets out how the MFA and Norad have taken the relevant government regulations [4] and the Norwegian Directorate for Financial Management's RBM guidance and adapted them to the specific context of aid funding and how the two organisations operate. Nor has the aid administration set expectations as to what an effective RBM approach operationalised across the aid administration might contribute to decision making.

Instead, we have found a number of documents and guidelines that touch upon aspects of how RBM should be operationalised in the aid administration. The main document is the aid administration's Grant Management Manual, in particular the section: V04 Guide to Assessment of Results and Risk Management, Including Cross Cutting Issues.[5] Both focus mainly on results measurement and reporting but provide some direction on how RBM should be implemented.

4 The Public Financial Management regulations that provide a set of instructions to all ministries and their subordinated agencies. The regulations and provisions were issued in 2003, and the latest revision was made in 2015. https://www.regjeringen.no/no/tema/okonomi-og-budsjett/statligokonomistyring/id1440/.

5 Grant Management Manual: Management of Grants by the Ministry of Foreign Affairs and Norad, MFA, Oslo; V04 Guide to Assessment of Results and Risk Management, Including Cross Cutting Issues, Final Version 06.06.17.

Supporting guidelines for how staff should develop specific grant scheme rules also make some reference to how to operationalise RBM across a portfolio of grants.[6]

In the absence of a clear statement by the aid administration on what it understands by RBM or details on how to operationalise it, we have had to develop our own view of how we would expect RBM to work in practice. This was developed based on a review of the RBM literature (see Annex 5, published separately at norad.no/evaluation), government regulations and guidance on the operationalisation of RBM across the government, aid administration documentation and a series of group discussions with MFA and Norad officials during the inception phase.

We understand RBM in the aid administration to be:

A management strategy that seeks to ensure the effective, efficient and transparent delivery of development assistance using results evidence (e.g. partners' results reporting and evaluations) to inform the allocation of funds and shape development policy. This is done through setting objectives, measuring achievement against

6 *V01 Veileder til etablering/oppdatering av tilskuddsordninger).*

these, using this information to understand what is working and what is not and, based on this, adapting (learning) and reporting progress (accountability)[7].

We would expect to see RBM being operationalised at three levels within the aid administration:

› **Strategic level** – At this level the focus is on setting the overall strategic objectives across MFA and Norad and how results evidence is used to inform these, assess and report progress against them, and to learn.

› **Portfolio level** – At this level the focus is on how RBM is practised across a group of grants contributing to a common set of objectives (e.g. grant scheme rules and/ or programmes) and how results data from individual grants are aggregated and/ or summarised to inform management, resourcing and design.

› **Grant level** – At this level the focus is twofold: 1) on how the aid administration decides what to fund and with how much, and to what extent results data and partners' RBM systems influence allocation decisions;

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7 These broadly follow the four steps in the management wheel.

2) how grant managers use partners' results data to oversee grants during the follow-up phase of the grant cycle and to whether good results measurement and management has an impact on partners' future funding levels.

This understanding of RBM and how it might function at the different levels of the aid administration is outlined in figure 2 on the next page. We discuss each of the three levels in more depth below.

3.2.1 Strategic level results-based management
Each year MFA manages a process to develop a proposed set of objectives and budgets for the coming financial year, which are set out the Ministry's Proposition to the Storting (draft resolution), called the *'fagproposisjon'* (Prop. 1). The budget proposal (Prop. 1) includes:

› aims to be achieved with the use of the funds under each budget post;

› a description of the activities and institutions involved;

› results from the previous year's use of funds (i.e. the formal report to the Storting on the results of Norwegian foreign aid); and
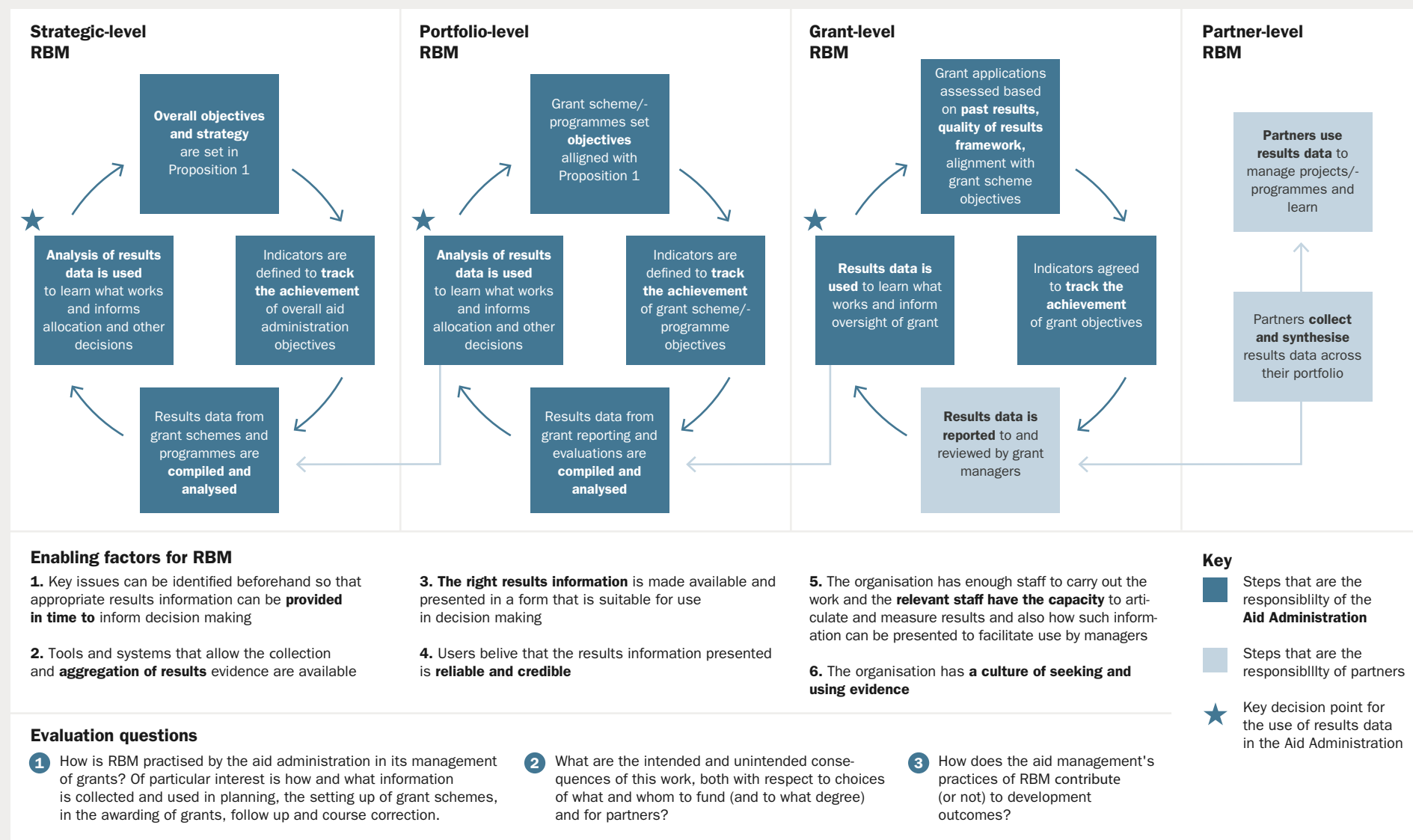
› references to key policy documents and white papers steering or supporting the aid allocation.

While there are detailed guidelines on what a ministry must do when developing its budget proposal (Prop. 1), there is no explicit description for how RBM should be used within this process, despite the fact that it is the key process used for setting the aid administration's overarching objectives.

After discussion with the Evaluation Department in the inception phase, it was decided that the evaluation would not examine the budget approval process within the Storting, or the political processes in the Ministry. The focus was on the aid administration's use of RBM in the development of and reporting against the budget proposal (Prop. 1) and in the subsequent decisions around how funds should be used by Norad (through allocation letters) and Departments/Sections within the MFA (when these are not specified in the budget proposal (Prop.1)).

FIGURE 2 // FRAMEWORK FOR UNDERSTANDING RESULTS-BASED MANAGEMENT (RBM) ACROSS THE AID ADMINISTRATION

Strategic-level RBM

Overall objectives and strategy are set in Proposition 1

Indicators are defined to **track the achievement** of overall aid administration objectives

Results data from grant schemes and programmes are **compiled and analysed**

Analysis of results data is used to learn what works and informs allocation and other decisions

Portfolio-level RBM

Grant scheme/-programmes set **objectives** alligned with Proposition 1

Indicators are defined to **track the achievement** of grant scheme/-programme objectives

Results data from grant reporting and evaluations are **compiled and analysed**

Analysis of results data is used to learn what works and informs allocation and other decisions

Grant-level RBM

Grant applications assessed based on **past results, quality of results framework,** alignment with grant scheme objectives

Indicators agreed to **track the achievement** of grant objectives

Results data is reported to and reviewed by grant managers

Results data is used to learn what works and inform oversight of grant

Partner-level RBM

Partners use results data to manage projects/-programmes and learn

Partners **collect and synthesise** results data across their portfolio

Enabling factors for RBM

1. Key issues can be identified beforehand so that appropriate results information can be **provided in time to** inform decision making

2. Tools and systems that allow the collection and **aggregation of results** evidence are available

3. The right results information is made available and presented in a form that is suitable for use in decision making

4. Users belive that the results information presented is **reliable and credible**

5. The organisation has enough staff to carry out the work and the **relevant staff have the capacity** to articulate and measure results and also how such information can be presented to facilitate use by managers

6. The organisation has **a culture of seeking and using evidence**

Key

◼ Steps that are the responsibllity of the **Aid Administration**

◻ Steps that are the responsibllity of partners

★ Key decision point for the use of results data in the Aid Administration

Evaluation questions

1 How is RBM practised by the aid administration in its management of grants? Of particular interest is how and what information is collected and used in planning, the setting up of grant schemes, in the awarding of grants, follow up and course correction.

2 What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree) and for partners?

3 How does the aid management's practices of RBM contribute (or not) to development outcomes?

3.2.2 Portfolio level results-based management

For the purposes of the evaluation we define portfolio level to mean the management unit for a group of grants contributing to a common set of objectives with a common programme logic. The aid administration groups grants according to two main units of management: grant schemes and programmes. RBM can be practised at both these types of units. Grant schemes are the administrative unit for grants with the same overarching objectives. Each grant scheme links to goals specified in the budget proposal (Prop. 1). The aid administration's Grant Management Manual states that grant schemes and grant management regimes should be subject to change based on the results of and feedback gathered from grants[8]. From an RBM perspective, grant schemes play a number of roles. They:

› Can operationalise high-level goals contained in the government budget to identify more specific objectives for particular pots of money.

› Provide the opportunity to set out indicators.

› Provide a unit for summarising the results achieved by a portfolio of grants. This data is then reported annually to the MFA and integrated into the annual government budget proposal (Prop. 1)[9].

› Provide a unit for evaluating the effectiveness of a collection of grants. Government regulations state that the frequency and scope of grant scheme evaluations should be based on the scale, importance and risk profile of grant scheme[10].

Programmes are groups of grants that contribute to a common set of objectives but may be administered under more than one grant scheme.

3.2.3 Grant level results-based management

Grant management in the aid administration is built around the grant management cycle. The cycle has three main phases: preparatory, follow-up and completion. Given the partner-led approach of the aid administration, the responsibility for delivering results rests with the grant recipient. As grant managers, the MFA and Norad are responsible for collecting information from grant recipients regarding the planned and achieved results of the partner's activities[11]. RBM plays out at different stages of the grant management cycle.

› **Preparatory phase:** The key decision point in the preparatory phase is in deciding on whether to approve the grant. To aid this decision, focus is given to the relevance of the grant to the grant scheme's objectives and the annual budget (Prop. 1), the quality of the applicant's results framework and their competency to deliver results, including the results they have delivered in the past.

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8 Ibid. p. 92.

9 Grant Management Manual (2013), p. 92.

10 Guide to the establishment of/update of grants (Veileder for etablering/ oppdatering av tilskuddsordninger (V01)).

11 Ibid., p. 85.

› **Follow-up phase:** During the follow-up phase, RBM occurs primarily through an annual reporting cycle where a progress report is submitted and an annual meeting is scheduled. While grant managers can raise concerns about the results being achieved at any time, the annual meeting is a formal opportunity where results can be discussed and any remedial action agreed with the partner. Grant managers can (and often do) use a range of other follow-up activities to understand what results are being achieved by a partner, including: field trips to partner's projects and commissioning reviews and evaluations.

› **Completion:** The completion phase represents the end of the grant cycle. It usually involves the submission of a final report by the partner documenting the outcomes achieved and the probable impact of the intervention. The outcomes need to be checked against the agreed results framework and the baseline and completion values compared[12]. The approval of the final report needs to be documented in the form of a completion letter.

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12 Grant management manual (p. 92).

4   Methodology

The following sections describe the evaluation methodology. Section 4.1 explains our approach. It explains the different frameworks we used to answer the three evaluation questions (4.1.1–4.1.3), our case study approach (4.1.4), our use of validation workshops (4.1.5), our synthesis approach (4.1.6), and ethical considerations (4.1.7). Section 4.2 details the limitations of the evaluation. The interview guides and other instruments used in the evaluation can be found in Annex 6 (published separately at Norad.no/evaluation).

4.1 APPROACH

4.1.1 Evaluation question 1: How is results-based management practised by the aid administration in its management of grants?
The framework in Figure 2 provided the overall structure for our approach to answering evaluation question 1. It details the three levels at which RBM is expected to be practised in the aid administration, along with the steps in the management wheel at each level. It also identifies the key factors that enable (or, if they are absent, hinder) RBM to function effectively within an organisation.

We tested how RBM actually operates in the aid administration against what is set out in the framework in Figure 2, using a series of case studies at each of the three levels. For each case study we used the steps in the management wheel as a lens for understanding how RBM was being practised and the degree to which the enabling factors were present. A particular focus in the case studies was to look at the management decision points where the aid administration makes choices on what and whom to fund (and to what degree) and assessing the degree to which these decisions are informed by results evidence (see Box 3). These decision points are identified in Figure 2 by blue stars.

> **BOX 3** // RESULTS-*INFORMED* DECISION MAKING RATHER THAN RESULTS-*BASED* DECISION MAKING
>
> An important issue to note is that **results data and evidence should be expected to *inform decision making* rather than decision making being *results based*.** This is a critical distinction that recognises the growing literature on evidence-informed policymaking, which argues that evidence is just one part of a patchwork of factors influencing decisions, alongside political and strategic considerations, expert opinion, stakeholder and public pressure and resource constraints.* Given this reality, it is important to have realistic expectations about what RBM can be expected to contribute in the Norwegian context to better decision making.
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> ———————
>
> * Davies, P., 2013. Getting Evidence into Policy. 3ie-LIDC Seminar Series, (February); Newman, K., Fisher, C. & Shaxson, L., 2012. Stimulating Demand for Research Evidence: What Role for Capacity-building? IDS Bulletin, 43(5), pp.17–24; Sutcliffe, S. & Court, J., 2005. Evidence-Based Policymaking : What is it? How does it work? What relevance for developing countries?, ODI; Jones, H. et al., 2013. Knowledge, policy and power in international development: a practical framework for improving policy, ODI.; Court, J. & Young, J., 2003. Bridging Research and Policy: Insights from 50 Case Studies, ODI, London.

4.1.2 Evaluation question 2: What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners?

To answer evaluation question 2, we developed an analytical framework that identified three main channels or routes through which the aid administration's RBM requirements could affect partners:[13]

1. Through the requirements it places on partners to report on results.

2. Through the capacity support it provides partners to strengthen their own RBM systems so that they can better demonstrate results and learn.

3. Through the use of each partner's past performance in delivering results to determine funding levels.

For each channel we identified a number of hypotheses related to how that channel could affect partners. These were divided into intended consequences and unintended consequences. The hypotheses were drawn from our literature review. The extent to which partners identify with and could evidence a hypothesis was then explored through the nine grant-level case studies. The list of hypotheses can be found in Annex 3.

4.1.3 Evaluation question 3: How does the aid administration's existing practice of results-based management contribute (or not) to development outcomes?

Evaluation question 3 asks whether, and how, the aid administration's existing practice of RBM contributes to development outcomes. There was neither the time nor resources available to rigorously evaluate this, as it would have required detailed meta-analysis of the evidence from partner organisations funded by the aid administration and attempting to identify how the use of RBM by the aid administration might have contributed to enhancing these results. Hence, this aspect of the evaluation was exploratory in nature, exploring and documenting views of the concerned organisations on how this might have occurred rather than evaluating whether it had occurred.

Our assumption was that the most plausible contribution of the aid administration's RBM would be through strengthening RBM in the partner organisations, with the further assumption that stronger RBM approaches in partners would lead to a greater contribution by the partners to the achievement of development outcomes. Based on the literature review, we identified a number of hypothesised ways that might happen:

› Ensured **better targeting**;

› Improved **responsiveness** to the context and evolving needs;

› Improved **internal learning** on what works;

› Improved **cost effectiveness**;

› **Reallocated resources** to activities that work best;

› **Improved the design** of new programmes; and

› Improved **transparency** for resource use.

The extent to which partners identify with the different hypothesis was explored through the nine grant-level case studies.

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13 The three channels draw on the thinking of Mayne (2007), Ida Lindkvist and Anette Wilhelmsen.

4.1.4 Case studies

The aim of the case studies was to collect the empirical evidence needed to answer the evaluation questions. In total, we conducted 14 case studies. Each case study drew on a wide range of stakeholder interviews (40 stakeholders from MFA and Norad plus 36 more from four key Oslo-based CSOs and UNDP) and an extensive document review.

› **One case study** examined the management wheel at the strategic RBM level. This case study focused on the use of RBM at the point at which the MFA prepares the budget proposal (Prop 1.) for submission to parliament for approval and then sends allocation letters to all subunits with guidance and directions for the use of funds. These letters include any decisions about what activities are to be funded, and further specifications or directions given for the use of the funds when these are not specified in the budget proposal (Prop. 1) approved by parliament. We looked at this process in 2016 and 2017. As part of this case study, we spoke to stakeholders from across the MFA and Norad.

› **Four case studies** examined the management wheel and use of RBM at the portfolio level. The largest grant schemes managed by MFA and Norad respectively, the Humanitarian and the Civil Society and Democratisation grant schemes, were two of the case studies. The two other case studies were the Oil for Development programme and the Climate and Forestry Initiative. These are programmes of grants administered under various grant schemes, but with programmatic over-sight, and were purposively selected as they were identified during the inception phase as programmes that had developed portfolio-wide results frameworks and sought to embed RBM in the management of the programmes.

› **Nine case studies** examined the management wheel and use of RBM at the grant level. Eight of them examined the use of RBM in managing the relationships between the MFA and Norad and the following four CSOs: [14] (a) Norwegian Red Cross; (b) Norwegian Church Aid; (c) Norwegian People's Aid; and (d) CARE Norway. These organisations were selected based on the level of funding they received from the aid administration (they

are all within the top 10 highest funded CSOs) and also on the basis that they had gone through the resource allocation model (RAM),[15] an assessment process recently introduced by the Civil Society Department within Norad (SIVSA) to decide funding levels for Norwegian CSOs (see section 5.1.3). The other case study examined the use of RBM in management of the relationship between Norway and the United Nations Development Programme (UNDP) in Norway's contribution to UNDP's core funding. As with other UN organisations, Norway's contribution to the organisation's core funding is set by parliament and included in the approved budget. It is not set by the aid administration. The evaluation did not directly examine the decision-making process of the Storting in setting this budget. The focus of the UNDP case study was therefore not purely on RBM and results in a narrow sense but on strengthening of systems and procedures that enabled better RBM within the UNDP and more credible reporting of results to Norway.

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14 It was decided in the Inception phase that we should conduct case studies of both norad and MFA funding to CSOs because we heard from stakeholders that the way RBM is practiced and therefore the management wheel is implemented varies considerably.

15 RAM is used by Norad chapter/post 160.70 to inform funding level to the CSOs under review. Whereas the humanitarian section is familiar with the RAM and the results, it's not instrumental for the final funding levels over the humanitarian budget.

4.1.5 Validation workshops and interviews

Once emerging findings from across the case studies were available, validation workshops and interviews were held with a wider set of CSOs and aid administration stakeholders. The purpose was to share the emerging findings and the theory of how RBM operates in practice across the aid administration and to discuss the extent to which, based on their experiences, respondents agreed or disagreed with the findings. The feedback then helped the evaluation team establish the extent to which findings and conclusions were generalisable and representative of RBM as practised across the aid administration and which aspects of the analysis needed further reflection. We facilitated four separate validation workshops with stakeholders from: Norad, the MFA, the case study CSOs and other CSOs. Particularly for the MFA, we struggled to get good attendance at the workshop, so followed up with a number of stakeholders by phone.

4.1.6 Synthesis

The end point of the case study work and analysis was 14 completed evidence frameworks for each of the individual case studies. These provided the evidence needed to answer the evaluation questions. Once findings were developed for the evaluation questions, the findings were triangulated with broader empirical experience in applying RBM in other aid administrations.

The recommendations were developed through a two-step process. First, a workshop was held with key internal aid administration stakeholders to discuss the findings, their implications and discuss options for moving forward. Second, based on these discussion, we developed the recommendations.

4.1.7 Ethical issues

As part of designing and conducting any evaluation, it is important to ensure that appropriate ethical safeguards are addressed. The safeguards relate to matters such as individual confidentiality, respondents' rights to privacy and respect, and consultation and feedback during the process. In all the case studies, all informants contacted during the evaluation were advised that their views would not be attributed directly to them. In all of our case studies we numbered all interviews rather than name individuals. Specific informed consent was also obtained for all quotes included in the report from the person quoted.

4.2 LIMITATIONS

There are two main limitations in the approach we took.

First, using a case study approach limited the breadth of consultation across Norad and the MFA. While the validation workshops mitigated this to a large extent for Norad, they were less successful for the MFA. We sought to address this by having individual phone calls with the MFA stakeholders we had invited to the workshop, but who could not attend. This limited the extent to which findings could be generalised across the aid administration as a whole.

Second, the partner-driven approach followed by Norway means that the quality of results information is dependent on the quality of operations in each partner organisation. The evaluation lacked the resources to explore this aspect in detail. This limitation was mitigated to an extent by triangulating with findings from another evaluation commissioned by the Norad Evaluation Department and currently near completion – the *Evaluation of Norwegian Support to Strengthen Civil Society in Developing Countries through Norwegian Civil Society Organisations.* However, we had neither the time nor resources to collect significant levels of evidence on whether or not the RBM

approach of the aid administration has had significant effects upon the organisational effectiveness of the partners.

In addition, the evaluation does not examine how RBM is practised in the bilateral programme of Norwegian aid managed out of the Norwegian embassies and there is no comparable evaluation that has evaluated practice in the bilateral programme. This is not a limitation in terms of the scope of the evaluation and the findings and conclusions presented. However, it is a limitation in terms of developing recommendations as the recommendations are also applicable to RBM practice in the bilateral programme and it is difficult to judge whether the differing context means that implementation of the recommendations has unintended consequences for the bilateral programmes.

5. Findings

5.1 CURRENT PRACTICE

Evaluation question 1: How is results-based management practised by the aid administration?
The following section presents our findings on how the aid administration practices RBM. It is structured around the three levels detailed in our RBM framework: the strategic level (5.1.1), portfolio level (5.1.2) and the grant level (5.1.3). In each section we use the management wheel as a lens for understanding how RBM is practiced. The final section (5.1.4) discusses our findings related to the enabling factors for RBM and the extent to which these are present across the aid administration.

5.1.1 The practice of RBM at the strategic level
This section looks at how RBM is practiced at the strategic level of the aid administration. It is structured around the four steps in the manage-ment wheel (see figure 3). It draws on our strategic level case study which looked at the cycle of preparing the budget proposal (Prop. 1) and the issuing of allocation letters in 2016 and 2017, interviews across the aid administration and feedback during the validation workshops.

Step 1. Setting of goals and objectives

Overall decisions on Norwegian aid allocations, and setting of objectives, are made by the Storting in its annual decision on the Government budget. Every year the Government puts forward an allocation in the budget proposal, the Finance Committee in the Storting makes a formal recommendation and the Storting decides in plenary on the final allocation. The focus of this evaluation is on the degree to which the aid administration has operationalised RBM in the preparation for the government's annual budget proposal to the Storting. This step (step 1 in figure 3) in the management wheel, as agreed in the inception report, is therefore outside the scope of the evaluation as it is not the responsibility of the aid administration.

Step 2. Definition of indicators

Goals and to some extent objectives are identified in the budget proposal (Prop. 1), but indicators are not. The budget proposal (Prop. 1), for each chapter includes: the aims to be achieved with the use of the funds under each budget post; a description of the activities and institutions involved; the context; the results from the previous year's use

FIGURE 3 // THE MANAGEMENT WHEEL AT THE STRATEGIC LEVEL IN THE AID ADMINISTRATION

1.
Overall objectives and strategy are set in Proposition 1

2.
Indicators are defined to **track the achievement** of overall aid administration objectives

3.
Results data from grant schemes and programmes are **compiled and analysed**

4.
Analysis of results data is used to learn what works and informs allocation and other decisions

of funds (this is the main formal report back to the Storting on the results of Norwegian foreign aid); and references to key policy documents and white papers steering or supporting the aid allocation. When indicators are set by the aid administration subsequent to the approval of the budget proposal (Prop. 1), these are normally selected from internationally agreed indicator sets or set independently as part of the development and agreement of the grant schemes.

Step 3. Results data are compiled and analysed

The budget proposal (Prop. 1) prepared by MFA contains selected results stories from Norwegian grants. Reporting from the grant scheme level is not comprehensive and does not cover all the grants. In principle, the results information from reviews and decentralised evaluations are available for use in the compilation and reporting of results at the strategic level. However, respondents indicated that they are not used. Rather, the approach to compiling evidence of results reflects a focus on identifying and selecting results stories to highlight instances of success. Some of these stories are then reported in the budget proposal (Prop. 1), to illustrate delivery of results and so meet accountability and external communications demands.

Interviews with MFA and Norad staff confirm that only selected results are reported to the MFA and that these provide an overly positive picture, as they focus on providing evidence of success and on illustrating activities in line with the goals set by the Storting. Otherwise, in the budget proposal (Prop. 1) there is little presentation of results evidence to support proposals for changes in either allocations of funding or how the aid administration might more efficiently or effectively deliver against the goals and objectives set by the Storting and Government. Moreover, since result stories were selected to illustrate success stories, we heard from stakeholders how there was limited value in analysing this results data at the strategic level.

The purpose of compiling results at this level is to enable reporting and not to inform prioritisation. The government's regulations clearly state that the purpose of results reporting is to inform the higher management levels about the achievements or the resources used. Those interviewed consistently stated that the purpose of the results reporting at this level was to show what had been achieved rather than using the results in management of funds and strategic decision making. On the other hand, views on whether results information could be used to inform proposed

resource allocations and prioritisation were mixed. Those from the aid administration most involved in areas where political considerations were seen as pre-eminent, and the planning horizon short, such as humanitarian assistance, thought that the opportunity to do so was limited. However, RBM can play an important role even under these circumstances. For example, political decisions may be taken about what crisis to engage in, and amounts to be granted. But the aid administration can still use RBM in this process, such as for providing guidance on what type of support has a higher likelihood of generating results (for example food aid versus cash handouts, medical supplies only or coupled with medical personnel etc.), and documenting the experiences to provide learning for other similar interventions. In other areas, the aid administration's concern was more whether the evidence was credible enough to use for this purpose and whether it was feasible to develop a comprehensive picture of overall results.

The approach to identifying and compiling results stories is more formal and systematic in Norad as compared with the MFA. Interviews indicated that the annual process used for compiling results is both more systematic and resource intensive in Norad as compared

with MFA. This extends to reviewing results information and comments from the Evaluation Department and the Department for Quality Assurance (AMOR) and iterations of comments on the Norad report as it is prepared. This possibly reflects the fact that the allocation letter from MFA to Norad explicitly states that Norad should report on the grants that they manage on behalf of MFA so that the reporting can be used directly in the budget proposal to parliament (Prop. 1).

Step 4. Analysis of results data are used to learn what works and inform allocation and other decisions

Government regulations and guidelines do not explicitly prescribe how RBM should be used in preparation of the budget proposal (Prop. 1).[16] The Directorate for Financial Management's 2010 guidance for implementation of RBM across the government does not directly say that RBM is expected to be implemented at the strategic level by an individual ministry in preparation of its budget proposal to the Storting. Nevertheless, it does state that it is important that the

reports from subunits under the ministries are used in developing the proposal (SSØ 2010, page 11). In turn, such reports, according to the government regulations, are expected to include reporting on results. However, the government regulations and guidelines do not state how ministries are expected to use results evidence in preparation of the budget proposal.

Extracting results evidence to enhance learning and improvements in delivery against the goals set out in the budget proposal to the Storting is not part of the process of its development. The Directorate for Financial Management's 2010 guidance for implementation of RBM across the government notes that *'…the purpose of measuring results is to learn and to improve the activities…'*, and it contains a full chapter with details about how RBM should be conducted in order to learn and improve, including a range of examples and practical/operational suggestions. It is clearly stated that results evidence, and what has been learnt, should be used for improvements. Interviewees were consistent that this did not happen during preparation of the budget proposal.

Nor do we find evidence of a systematic consideration of results that is transparently linked to decision making in the aid

administration on specifying new priorities and developing sub goals and results to be achieved. According to the Rules for Financial Management in the State 2015 and the Regulations on financial management in the state 2015[17] there should be a systematic feedback loop of results information into decision making on new priorities and goalsetting. This is not in place. The most recent budget propsal very seldom included statements linking a proposed increase in budget allocations with positive results. Similarly, the most recent budget proposal rarely stated that a proposed reduction in an allocation is due to poor results in the past.

Allocation letters issued by MFA also have a key role in budget allocation decision making once the annual budget is agreed by the Storting but there are no formal systems in place that support the systematic consideration of results evidence to inform these decisions. Interviewees observe that there are many stakeholders involved in the process of developing the allocation letters.

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16 The "Bevilgningsreglement" requires the administration to provide reasons for the grant proposals, to describe the intended results, and to provide information about the achieved results last year for evaluating grant proposals for the next year.

17 *Reglement for økonomistyring i staten 2015* and *Bestemmelser om økonomistyring i staten 2015* - the Public Financial Management regulations that provide a set of instructions to all ministries and their subordinated agencies. The regulations and provisions were issued in 2003, and the latest revision was made in 2015. https://www.regjeringen.no/no/tema/okonomi-og-budsjett/statligokonomistyring/id1440/.

In practice, when developing the allocation letters, the leadership in MFA need to balance multiple considerations. Results information is only one consideration, with political priorities being the main driving force. Results evidence, if considered, is not being used in a formal manner as this is considered too difficult to do given the context. Several interviewees stated that results information used was rather drawn from the experiences of the many people involved in decision making rather than any formal analyses.

However, results from a 2016 OECD survey of its members[18] suggests that Norway's experience is not abnormal. The survey found that on the one hand all members recognised the importance of using results information for accountability and communication. On the other hand, while members attach importance to the use of results information for policy formulation and strategic decision-making, quality assurance and learning, responses indicated that most struggle in these important areas. We return to this issue in our conclusions below in Section 6.

5.1.2 The practice of RBM at the portfolio level

This section looks at how RBM is practiced at the portfolio level of the aid administration. It is structured around the four steps in the management wheel (see figure 4). It draws mainly on evidence from four case studies of grant schemes and programmes. First, the largest grant schemes managed respectively by MFA (Humanitarian grant scheme) and Norad (Civil Society and Demo-cratisation grant scheme). Second, the Oil for Development (OfD) and Climate and Forestry Initiatives (NICFI), which were purposively selected as examples which were reported to have made significant progress in using results frameworks and indicators to summarise results across a portfolio of grants. It also draws on interviews from a wide range of staff within the aid administration and validation workshops.

Step 1. Setting of goals and objectives

Practice is that goals and objectives are taken from the budget proposal (Prop. 1) and used in allocation letters issued by the MFA. Aid administration staff do not appear to use the flexibility available to them to operationalise these high-level objectives through the grant schemes. Internal guidance

FIGURE 4 // THE MANAGEMENT WHEEL AT THE PORTFOLIO LEVEL IN THE AID ADMINISTRATION

1. Grant Scheme/-programmes set **objectives** alligned with Proposition 1

2. Indicators are defined to **track the achievement** of Grant Scheme/-programme objectives

3. Results data from grant reporting and evaluations are **compiled and analysed**

4. **Analysis of results data is used** to learn what works and informs allocation and other decisions
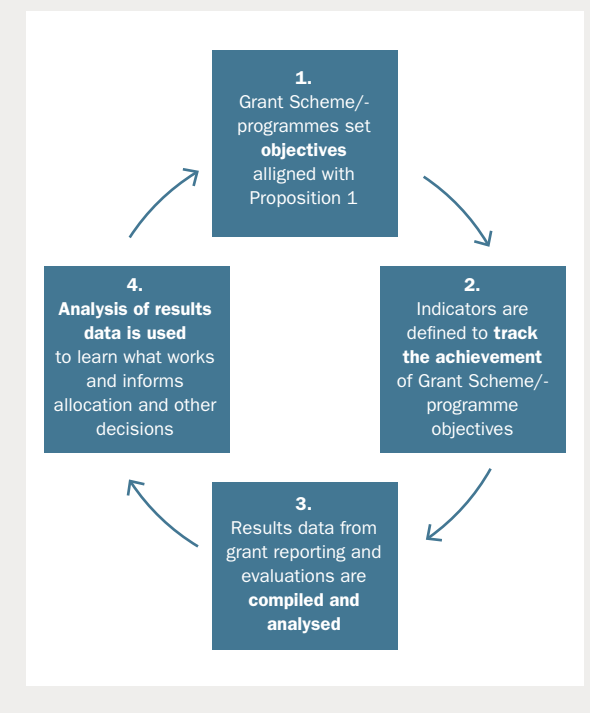
says that aid administration staff should take the goals and objectives from the chapter post in the budget proposal (Prop. 1) and use these in the grant scheme.[19] From an RBM perspective, the challenge is that the budget proposal is structured as a budget document with very broad and overarching goals and is not a document structured around identification

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18 https://www.oecd.org/dac/peer-reviews/Providers'_use_of_results_information_for_accountability_communication_direction_and_learning.pdf.

19 Grant Management Manual.

and prioritisation of a limited number of concrete policy objectives. The MFA's regional allocation and humanitarian grant schemes are notable examples of this. The consequence is that grant schemes often include multiple objectives that do not fall naturally into a coherent theory of change of how grants contribute towards a common set of objectives. Yet, for the purposes of both aggregation and learning, if operationalising RBM, then this is a pre-condition.

Current guidance would allow those developing grant schemes to increase programmatic coherence by defining a more focused set of objectives. However, this does not happen as it is reported that it would both take more time and also require significant consultation to verify that the objectives are still in line with the political intentions elaborated in the budget proposal.

Step 2. Definition of indicators

There has been significant experimentation with using portfolio level results frameworks and common indicators in Norad, but to a much lesser extent MFA. Even though internal guidance indicates that grant schemes should set indicators that allow the measurement of the impact of the scheme on social

development[20] we found significant variation in whether and how this was done across the aid administration.

Within the MFA, the need to aggregate results to give a comprehensive picture of performance across a grant scheme or programme is not seen as a priority and so the focus since 2015 has been on development of indicators within individual grants (education is the exception). Interviews and the validation workshops revealed no plans within MFA to formally and systematically aggregate results above the individual grant level based on the use of common indicators. Fulfilling political aims and goals is of key importance, and time-consuming RBM is therefore not prioritised in a setting with decreasing numbers of staff and a perceived need to mainly focus on reacting to changing political priorities.

By contrast, for grant schemes and programmes managed by Norad, there have been several initiatives to develop results frameworks at the portfolio level and use common indicators to facilitate aggregation of results. The three portfolio level case studies we looked at that were managed by Norad have tried to do this (see table 1, next page).

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20 Grant Management Manual; Grant Scheme Rules template.

Attempts have also been made by a number of other programmes including Fish for Development and the Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED). A results framework and common indicators have also been developed for the entire aid administration's work on education. This is the first time an administration-wide framework has been developed for a strategic priority. It was also the only portfolio level results framework that we came across that had been initiated by MFA.

Discussion during the validation workshops confirmed that attempts to use results frameworks above the level of the individual grant and common indicators reflects whether this is seen as a priority by concerned senior managers of individual grant schemes/programmes.

Step 3. Results data are compiled and analysed

Where portfolio level results frameworks have been established, there is evidence of results data being compiled. Across the portfolio case studies, there is clear evidence of data being collected, compiled and reported at the portfolio level – mainly through the budget proposal process (Prop. 1),

TABLE 1 // USE OF PORTFOLIO LEVEL RESULTS FRAMEWORKS AND COMMON INDICATORS ACROSS CASE STUDIES

Portfolio level case study	Evidence
Civil Society and Democratisation grant scheme	Grant scheme rules state that grants' results frameworks should include one indicator for the target group per organisation and one on strengthening of civil society. Currently only required for CSOs that have been through a resource allocation model (RAM) assessment and have used the standards on strengthening civil society and the results at outcome and impact level. So, ability to aggregate using common indicators across all grants is not yet there.
Humanitarian grant scheme	No attempt to develop a grant scheme level results framework or common indicators. *
Oil for Development (OfD) initiative	The aim for 2015-17 was that all 12 country programmes would have common results indicators that would make it possible to provide aggregated results reporting for the Oil for Development (OfD) initiative. In recognition of the challenges with this, OfD have shifted focus and ambition with regards to common indicators and aggregation and have moved towards a more flexible approach.
Climate & Forestry Initiative (NICFI)	Results stories from each of the grants are collected and compiled for grants managed by Norad, but this is for reporting to MFA and the Ministry of Climate and Environment, which then goes in to the annual budget proposal to parliament (Prop 1.). However, the evidence gathered was not used to inform the allocation of resources at the grant scheme level, apart from in the informal process where the grant managers had knowledge about the results and used it informally in the decision meeting. The results report was also finalised a few months after the decision meeting allocatingthe resources to the CSO.

* We recognise that the 2018 budget for the Humanitarian grant scheme is 4,5 billion NOK and it represents an entire policy area in itself. While we appreciate that developing a results framework or frameworks for the grant scheme would be complex, it does not negate the point that MFA should be able to tell a robust, evidence-based narrative of what this large sum of money achieves and what is being learnt.

or in external communications. As discussed below, we found no evidence of the data compiled being systematically analysed to inform strategic decision making across the portfolio.[21]

Aggregating results data at the portfolio level has been challenging. In those portfolios which have experimented with programme- or grant scheme-wide results frameworks, one of the common challenges faced was developing an approach to meaningful aggregation. Aggregation requires the use of quantitative indicators which often leads to a focus on output rather than outcome level results. This presents only a partial picture of results and one that does not enable the aid administration to say whether the overall objectives of a grant or programme were achieved.

However, not all of the portfolio level case studies used common indicators. Some, such as Oil for Development (OfD), have gone down the route of identifying a selection of

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21 In the case of the Climate and Forest Initiative, the results were not collected over a long enough period to be able to inform the next call. The implementation period of the projects was 3 years (2013-2015), and the call for the next funding period was issued in 2014. At that time, the only reports available were from the first year of implementation. With the new 5-year agreement periods in the current portfolio, there is the opportunity to use learning from the mid-term reviews as well as data collected during the first three years of the implementation period to inform the next call for applications (2020-2025).

"There is definitely a need to improve RBM at the grant scheme level. This is a demanding task. We're not very good at this. There is a connection between chapter post and grant scheme and we do report on grant schemes back to parliament, but we need better methods for this."

Aid administration official

common outcomes that partners can work towards and report on in their own way. The reported results are then summarised according to different results areas. While this does not provide the overall number, which plays well with reporting to the media and the public, it provides a framework which allows for a summarised picture of results to be developed, while providing the flexibility to partners to measure results in the most appropriate way in their context. This is an important consideration given the later discussion in Section 5.2 on the unintended consequences of using quantitative indicators for aggregation with partners.

Ensuring appropriate skills and staffing are in place to undertake portfolio level RBM needs to be a key consideration of the aid administration. An issued raised in all case studies and by many interviewees was the additional work that is created through using RBM at the portfolio level and the need for appropriate capacity to handle the data generated. For example, Norad's Civil Society

Department (SIVSA) had to significantly slow the roll out of partners reporting against common indicators as they did not have the internal systems or processes for handling the data, or the necessary staff to handle the data. Concerns were also raised about the capacity of the education team to manage the large amounts of quantitative data that was being generated through the reporting on common indicators, as well as whether they had the infrastructure in place to handle the data or access to the full range of skills necessary to undertake the needed quality control and quantitative analysis. In the case of the Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED) an external consultant was brought on board to manage the data for reporting against the programme's results framework because they did not have the capacity internally. A number of stakeholders raised the issue of capacity as a real impediment to doing more and better RBM at the portfolio level.

Step 4. Analysis of results used to learn what works and inform allocation and other decisions

To date, the drive towards trying to aggregate results evidence across a portfolio of grants has come from a need to be able to better report results rather than for learning purposes.

When asked why results frameworks had been developed at the grant scheme or programme level, stakeholders consistently spoke of needing to *'report to parliament'* or to the *'public on how funds were being spent'*. Few spoke of wanting to manage the portfolio more effectively, making more evidence-based decisions about the overall strategy or who to fund or understanding what works.[22]

Those involved argue that this is a first step – *'you need to collect results data, before you can start to manage with it. We're at step one,'* – and acknowledge that more needs to be done to use evidence across portfolios to enhance performance.

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22 This is of course not to say, that these aren't concerns of these stakeholders, just that decisions they are making are not being informed by results data.

Formal analysis of past performance across a portfolio of grants is not a major factor informing either the focus of the portfolio or the allocation criteria for future grants across the aid administration. While there may be no formal requirement that the aid administration consider past performance in allocation decisions across the portfolio of grants within a grant scheme or thematic programme, evidence from the four case studies reveals that it was not considered in any of our cases (see table 2).

Currently, results compiled at the portfolio level are available too late to allow their potential use in informing the development of the next year's resource allocation proposals. A good example is documented in the grant scheme NICFI case study on civil society support where much work was undertaken in order to aggregate results from 42 CSOs receiving NICFI grants. The process of documenting the results was not however completed in time to inform the decision on the funding of CSOs in the year after the results report was completed.

Despite government regulations stating that evaluation of grant schemes should be considered, we found no examples of this happening. The Regulations on

Financial Management in Central Government (chapter 6.5) state that the frequency of evaluation of grant schemes should depend upon how important the particular grant scheme is, the risks involved, and the quality and extent of the other reporting on the scheme.

TABLE 2 // EXTENT TO WHICH RESULTS DATA IS USED AT THE PORTFOLIO LEVEL ACROSS CASE STUDIES

Portfolio level case study	Evidence
Civil Society and Democratisation grant scheme	Attempts to formally aggregate results from grants and learn lessons have not been as successful as hoped. The data has been used in reporting for the budget proposal (Prop. 1), but not for informing grant scheme level decision making. The Resource Allocation Model (RAM) is used to inform funding allocation, but this is not linked to the grant scheme level indicators.
Humanitarian grant scheme	Results evidence are not systematically summarised at this level. Interviews suggest that there is informal discussion across grant managers. The main view is that the context in responding to humanitarian imperatives is too unpredictable to make formal review of past experience worthwhile. Allocation decisions are based primarily on whether a CSO has access and experience to deliver in a particular geography.
Oil for Development (OfD) initiative	Decision on which countries the programme works are driven by a number of considerations, such as demand, relevance, relative considerations of where the programme efforts are more likely to be effective as a means to contribute to poverty reduction, prior experience and results, and ultimately, political priorities.
Climate & Forestry initiative (NICFI)	Results stories from each of the grants are collected and compiled for grants managed by Norad, but this is for reporting to MFA and the Ministry of Climate and Environment, which then goes in to the annual budget proposal to parliament (Prop 1.). However, the evidence gathered was not used to inform the allocation of resources at the grant scheme level, apart from in the informal process where the grant managers had knowledge about the results and used it informally in the decision meeting. The results report was also finalised a few months after the decision meeting allocating the resources to the CSO.

So, if the reporting is considered sufficient, there is no need for an evaluation. We found no examples of grant scheme managers commissioning evaluations of grant schemes or having considered whether to commission a grant scheme-level evaluation.[23] This was seen by a number of stakeholders as a gap in the evaluation system and an area for future work. The one concern that was raised with this though, was capacity: as discussed above, RBM at the portfolio level requires staff and time. There was a concern expressed that, especially in the MFA, staff would struggle commissioning and managing such grant scheme level evaluations themselves. There is also a gap in the provision of technical guidance for designing and managing reviews or evaluations at the grant scheme level, since the grant management manual is the only official source of guidance for commissioning and managing reviews, and it focuses only at the grant level. Capacity concerns aside, the value that evaluation at this level could bring is twofold: 1) it could help create an aggregate picture of results without relying exclusively on partners' results reporting, and 2) it could

bring a greater learning focus to the oversight of grant schemes and help understand not just what is being achieved, but also how and why. Potentially, such evaluations might be carried out by the Evaluation Department, albeit this is not a mandatory part of the Department's mandate. We found no examples of such evaluations. The Evaluation Department has, on the other hand, conducted a number of evaluations focused on portfolios and programmes.

An initiative that holds potential for learning above the grant level is the recent introduction of a system for assessing goal achievement at the end of a grant and extract learning. In 2016 a new step was introduced into the Grant Management Cycle whereby the grant manager when closing a grant needs to make a qualitative judgement on goal achievement using a basic traffic light scale, and record this in the PTA (the internal system for tracking what is being funded, how much is being given and what phase grants are in). This holds the possibility of management being able to look across the portfolio of grants and test for whether there are trends or patterns across portfolios in terms of performance, which would then indicate areas in which resources could be focused to learn why performance is varying. The Department for Quality Assurance (AMOR)

is also looking at how it can extract learning from completed projects and programmes.

In practice, while management and oversight above the level of the grant is through the grant scheme, there are instances of oversight and learning being organised programmatically and cutting across grant schemes. This shift seems to reflect two drivers. First, where responsibility for delivery lies across several ministries within the government, such as for the Oil for Development and Climate & Forestry initiatives, which were included as case studies. In both these examples, while the fund allocation decision for the individual contributing grants lies within the individual grant schemes, and responsible entity, there have been moves to aggregate results and learn lessons across the 'programme'. Second, in 2017, the Norwegian Government affirmed five key priorities for aid; (i) education; (ii) health; (iii) humanitarian assistance and support to vulnerable states and regions; (iv) private sector development and job creation; and (v) climate, environment and energy. In two of these – education and climate, environment and energy – common indicators have been defined that apply across all grant support delivered across the aid administration. However, as with the examples of the Oil for Development and Climate & Forestry

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23 For example a recent Evaluation Department study found no examples of decentralised reviews and evaluations being undertaken at grant scheme in 2014 https://www.norad.no/contentassets/41a0207f132c4e69a338791bac88dda7/the-quality-of-reviews-and-decentralised-evaluations-in-norwegian-development-cooperation.pdf. Nor do the MFA and Norad websites that should include all decentralised evaluations completed include any examples.

initiatives, responsibility for grant allocation decisions still lies in the grant scheme. What is not yet clear is whether these examples represent the beginning of a move across the aid administration towards oversight of delivery against such priorities based on a programmatic management approach using common indicators applied across grant schemes.

5.1.3 The practice of RBM at the grant level

This section looks at how RBM is practiced at the grant level of the aid administration. It is structured around the four steps in the management wheel (see figure 5). These have been adapted slightly to reflect the nature of the grant management cycle, with the review of grants applications being the first step rather than the setting of objectives.

The section draws on nine case studies: four are of funding to Norwegian CSOs managed through the Civil Society Department in Norad (SIVSA) and four of funding to CSOs managed through the Humanitarian Section in MFA; the other case study is of core support to UNDP. This was triangulated with data from interviews and group discussion with a wide range of MFA and Norad stakeholders and a wider range of CSOs that receive funding from MFA and Norad.

FIGURE 5 // THE MANAGEMENT WHEEL AT THE GRANT LEVEL IN THE AID ADMINISTRATION

1. Grant applications assessed based on **past results, quality of results framework,** alignment with Grant Scheme objectives

2. Indicators agreed to **track the achievement** of grant objectives

3. **Results data is reported** to and reviewed by grant managers

4. **Results data is used** to learn what works and inform oversight of grant
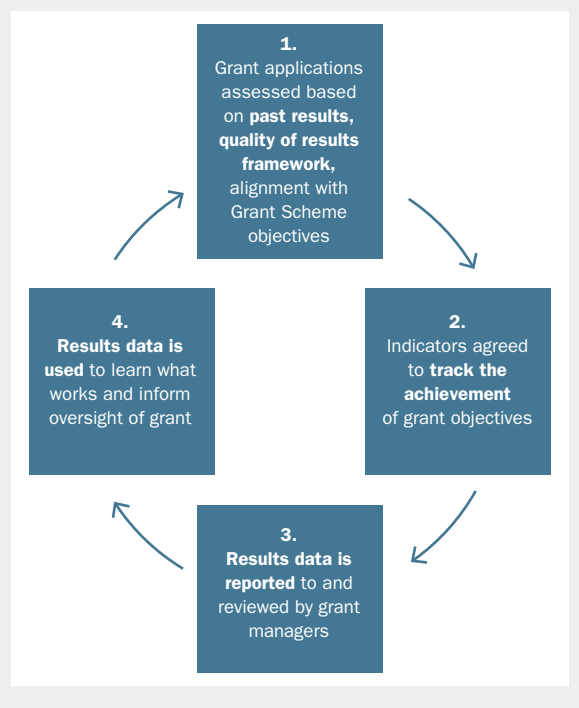
Step 1. Grant applications are assessed based on past results and quality of results frameworks

Grant managers from both MFA and Norad draw on a wide range of different types of information on results when deciding whether to award a grant. Across the case studies we found evidence of grant managers mobilising a range of different types of 'results evidence' to consider as part of a funding decision. This was both experiential evidence based on an individual's tacit knowledge of an organisation and what they are achieving and empirical evidence based on data and research.[24] In nearly all case studies, for example, funding applications were circulated among embassies and sections for their feedback and comment. Similarly, results data from past progress and final reports were reviewed along with evaluations and reviews the partner had commissioned. In a more limited number of cases, we found examples of grant managers commissioning or planning to commission evaluations to feed into the funding decision.

Across the aid administration, there is evidence of results data regularly being considered in allocation decisions, but the extent to which this then influences the final funding decision varies. Based on the nine case studies and the wider set of interviews we conducted across Norad and the MFA we found evidence of fairly consistent consideration of results information and results frameworks in the decision-making process leading up to the award of a grant (eight out of nine case studies), however the influence this then had on the final decision varies considerably (see Table 3, next page).

24 Nutley, S., A. Powell, and H. Davies. 2013. 'What counts as good evidence? Provocation Paper for the Alliance for Useful Evidence.' London: Alliance for Useful Evidence.

TABLE 3 // ASSESSMENT OF THE CONSIDERATION AND USE OF RESULTS DATA IN ALLOCATION DECISIONS ACROSS THE NINE CASE STUDIES

Case studies		Evidence of the aid administration...		Evidence of partners' results frameworks and/-or past results influencing the final allocation decision made by the aid administration
		...reviewing partners' results framework	...considering partners' past results	
SIVSA case studies	CS1	✔	✔	✔
	CS2	✔	✔	✔
	CS3	✔	✔	✔
	CS4	✔	✔	✔
Humanitarian Section case studies	CS5	✔	✔	✘
	CS6	✘	✘	✘
	CS7	✔	✔	✘
	CS8	Partial *	✔	Partial **
UNDP case study	CS9	✔	✔	✘

* In the case study we found evidence of a results framework being reviewed in one of the agreements that was assessed and in the other we did not.

** In the case study we found evidence of results framework and past results influencing allocation decision in one of the agreements that was assessed, and in the other we did not.

In the four MFA case studies, results frameworks and results data were reviewed, but in most cases the factors that seemed to influence the final funding decision were related to the CSO's access to and experience in specific geographical areas and its capability in key technical issues. In the case of core funding to UNDP, we found evidence of significant efforts being made to synthesise results data and assessing the robustness of UNDP's own RBM system. There was even an effort to conduct a cross-UN agency assessment to inform funding decisions. However, ultimately these have had very limited impact on funding, as the decision on the level of core funding to UNDP is essentially a political decision made by the Storting.

Across each of the four Civil Society Department case studies we found evidence that past results and the quality of the applicants RBM systems were key factors that influenced the allocation decision. This was the case both in applications that were made pre- and post-introduction of the Results Allocation Model (RAM, see Box 4, next page). The evidence that was used included: past progress reports, partner-commissioned reviews, Norad-commissioned evaluations and embassy and section perspectives.

For example, in one case study where the application was reviewed before RAM was introduced a CSO was granted less than was requested because of *'weak documentation of results'* and questions about cost effectiveness. In another a CSO did not get all of the requested funding because it lacked robust baseline data.

With the introduction of RAM in 2015, the focus on past results and RBM systems has become hardwired into the decision-making process of SIVSA. As part of the RAM assessment all applications are assessed, along with a number of other factors, based on their evidence of delivering past results and the quality of their results frameworks. These factors are scored and then added up to provide an overall RAM score. The highest scoring applications receive up to 15 percent more funding, while those scoring the lowest receive up to 10 percent less funding. Across the SIVSA case studies, we found clear evidence of CSOs' RAM scores, and therefore their past results and RBM systems, impacting the level of funding they received. It should be noted however that interviewees had differing views on the scope for SIVSA to use this approach to make significantly different allocations across CSOs, given that to some degree the allocation decision is also informed by political priorities.

Even with the structure provided by the RAM process, robustly and credibly assessing an organisation's past results and using this as a basis for deciding future funding is challenging. Integrating RBM into the allocation process requires two things: assessing an organisation's RBM systems and its past results. While an assessment of RBM systems can be relatively objective – e.g. is there clear logic to the programme design, are indicators clear, is there a baseline? – assessing an organisation's track record of delivering results across multiple countries and themes is much more difficult. Even with the introduction of RAM, there is very little guidance given on how to do this in a credible way. The major challenge is that the evidence used is based on CSOs' self-reported results data and there are inevitable biases in this, while the ability of CSOs to report results evidence also varies significantly. As one Civil Society Department team member commented: *'we have to take the results reports from the organisations at face value unless we see weaknesses in their methodology which are very clear to us'*. Evaluations obviously provide a more objective perspective, but as mentioned previously, we only found these used in a few of the nine case studies to inform allocation decisions. As such, in reality the ability of a grant manager to say with confidence that an organisation is/is not delivering results is very challenging. As is discussed below, the Department for Quality Assurance (AMOR) had similar challenges in trying to assess the past results of UNDP.

"Evidence of past results is not necessarily what [the Humanitarian Section] use; it's your past experience of being able to do something in a context…"

Aid administration official

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In the Humanitarian Section case studies, results information and the CSOs' grant level results frameworks were discussed as part of decision making process, but they were rarely a key factor in shaping the final allocation decision. What emerged from the case studies and the interviews with MFA staff more broadly, was that in MFA there is a much more flexible process of awarding grants, where funding is part of an ongoing partnership and dialogue with a partner based on their core competencies and areas and countries of focus and where proposals are co-developed. While there is consideration of results as part of the ongoing dialogues with the partners (we found evidence in three out of four grant level case studies of results data being discussed), the reality is that results data is unlikely to impact whether the organisation gets MFA funding, but rather what the focus or amount of the next grant may be. The factors that had more bearing on the final allocation decision were: an organisation's access to specific geographical areas, its capabilities and its track record in a certain technical area.

The one exception to this pattern was where, following a positive evaluation of a gender-based violence programme in the Democratic Republic of Congo funded by MFA, the MFA entered into a framework agreement with the concerned CSO to scale up the delivery of the package of interventions to three new countries.

In the context of the UNDP case study we found that while there has been considerable effort put into reviewing UNDP's track record of delivering results and the strength of its own RBM system, the reality is that the level of core funding to UNDP is a political decision and results evidence has limited bearing over the allocation made. The decision of how much core funding to provide to UNDP, and other UN agencies, is made by the Storting annually. Each year the MFA puts forward a proposal. As part of this process the UNDP desk officer consults with embassies and sections to build up a picture of UNDP's performance. They review UNDP's annual report, and thematic experts are asked to review the thematic reports and evaluations, and other donor reports such DFID's Multilateral Aid Review (MAR) and the Multilateral Organisation Performance Assessment Network (MOPAN) assessment are looked at. The Department for Quality Assurance (AMOR) is also closely

> **BOX 5** // ASSESSING THE RESULTS OF UN AGENCIES
>
> The Ministry of Foreign Affairs, in 2013 and 2015, trialled an approach similar to that used in RAM, in which they examined the organisational effectiveness of selected UN organisations, intended to inform allocation decisions to these organisations. However, the approach has not been continued. In 2015, the assessment examined the organisational effectiveness of nine of the main UN agencies funded by Norway against five criteria:
>
> 1. Actual results in relation to their own mandates and goals;
> 2. Planning, budgeting and risk assessment system;
> 3. Systems and procedures for reporting;
> 4. Systems and procedures for audits and evaluations; and
> 5. Cross-cutting themes and cooperation with other organisations.
>
> The findings in the nine reports, together with the annual reports for 2014, were reported in internal MFA documentation provide an adequate basis for developing additional budget recommendations based on the organisation's performance in combination with other key priorities and academic assessments.

involved in this process, specifically on whether UNDP is moving forwards in the development of its own RBM systems. In 2013 and 2015, MFA, with support from the Department for Quality Assurance (AMOR), also carried out assessments of effectiveness across key UN organisations (see box 5).

Despite these investments by MFA in producing more analysis to inform decisions on the core allocation to individual UN organisations, there is little evidence that it has added value. Within Norway there is a shared agreement at the political level that the UN agencies such as UNDP, and the multilateral system more widely, should be a major channel for development funding. As such, there is a deep commitment to providing core funding to these organisations. This is reflected in the fact that core funding to individual UN organisations such as UNDP is specifically identified in the annual state budget and agreed upon by the Storting; the decision is therefore greatly informed by political priorities. Stakeholders questioned the political appetite for changing this and moving towards a funding arrangement with multilateral agencies that is informed by evidence of past results.

Step 2. Definition of indicators

All grants now need to have results frameworks along with indicators; in the majority of case studies we found this to be the case. There has been a recent shift in grant management rules within the aid administration: all grants now require a results framework. This is specified in the Grant Management Manual. As part of the decision document grant managers are required to check for baseline data, interrogate the comprehensiveness and logic of the results framework, and the quality of indicators.[25]

For large multi-annual agreements, such as the Global Cooperation Agreements managed by MFA's Humanitarian Section, or the Framework Agreements managed by Civil Society Department, we found that a results framework and indicators were always present. However, for addendums to these agreements, this was not always the case. This was particularly found for addendums to the Global Cooperation Agreements with MFA's Humanitarian Section, where organisations often simply needed to show the link between the addendum and the overall agreement and could use the overall results framework to report against. While this allows addendums to be signed and resources dispersed quickly – something that is important in the humanitarian sector – it does mean that quite substantial resources are being disbursed without a clear results framework.

For the case of UNDP, the aid administration uses UNDP's own results framework and indicators, but engages extensively as a member state in the discussion between UNDP and its member-states on their definition.

Step 3. Results data is reported to and reviewed by grant managers

Similar to the application phase, grant managers from both MFA and Norad access a wide range of types of information on results to inform the oversight of grants. Again, the sources are a mixture of experiential and empirical information on results which include: annual progress reports, mid-term reviews, field trips to partners' projects and ongoing dialogue with the organisation. The pattern across the case studies is that grant managers try to bring together these different sources of evidence to build a picture of what is happening in a grant. For example, one grant manager commented how when reading a progress report, she noticed that what was being reported regarding a specific country did not chime with what she had seen during her field trip to that country and challenged the CSO on this. Similarly, another recalled a field trip she used to validate the results that were being reported in a specific country.

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25 Decision Document template (English Version, August 2016); Information and Guidance on How to Fill in the Decision Document.

Across the case studies there was mixed evidence of progress reports being reviewed and discussed with partners. Across the nine case studies, we found five where the grant managers reviewed the progress reports and engaged in dialogue with the partners about the results that were being reported. This included four of the CSO case studies and that for UNDP. In three other cases, the reports were submitted and approved, but there was no evidence of any meaningful discussion around their content. In the remaining case, no feedback on the report was ever received but this was for a one-year programme. There was no clear difference in practice observed across case studies between Norad and MFA.

The ability of partners to present aggregated findings impacts on how easily grant managers can engage with the results data. In the case of UNDP, the grant manager is reliant on what UNDP chooses to report to its member-states and a decision has been taken that Norway will not make requests for additional reporting outside what is reported to all member-states on overall organisational performance and results delivered. A challenge raised by a number of other grant managers is being able to extract the main performance story from partners' progress reports. Despite some general guidance being included in grant agreements, reports are often too detailed and do not provide a sufficiently top-level picture of performance. This serves as a barrier to grant managers effectively using the reports in the oversight of the grant. While we reviewed a number of progress reports as part of the case studies and would agree with this assessment, grant managers are not always clear on exactly what they want in terms of results reporting. This came out in a number of the case studies. While the Civil Society Department has guidance on the content of progress reports, it is quite general. MFA has no guidance. In practice the types of data requested from CSOs on results varies significantly according to the grant manager. This arguably stems from a lack of clarity internal to the administration around how, other than for grant accountability, progress reports are actually to be used.

Some grant managers also mentioned that partners' reports can often present too positive a picture of progress. As one grant manager commented, examples of results seem to be cherry picked with no details of the basis for selecting them. A greater focus on reporting challenges and lessons was identified by a number of stakeholders as possibly providing a more meaningful basis for dialogue between partners and the administration and helping to shift RBM in the context of grant management away from just accountability and towards a greater focus on learning (see below).

Step 4 Analysis of results used to learn what works and inform allocation and other decisions

The main use of the progress reports by grant managers is to ensure compliance and accountability of the grant. Across the case studies there was limited use of progress reports to inform any results-based decision making around grants. This was the case across both Norad and MFA. The dominant picture is of results reports being used by grant managers to check that a grant is on track against its objectives and where relevant, to understand any proposed deviations from the proposed plan. In most cases, grant managers review progress reports and then engage in relatively high-level discussion with the partners on progress against

"They go through the data, but there is no discussion around what this means and the content. They are more concerned with whether the systems are in place and the numbers are right, than what it means."

CSO representative

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objectives and targets. Although as mentioned above, there are examples of where even this has not happened. Beyond this they did not believe they could do much else.

From the perspective of the partners, many were unclear how the aid administration used their progress reports and felt there was little critical engagement with what was being reported. There was a strong sense that RBM during the follow up of grants had been reduced to a focus on numbers and whether they are moving in the right direction.

In a few instances we found progress reports being used by grant managers to inform internal learning. Across the case studies we found only two specific examples of the insights and learning from progress reports being actively shared within the aid administration. In one example, the grant manager shared within her team the experiences

of the CSO in trying to measure improvements in the capacity of its local partners, while in another case the grant manager organised a panel discussion about political stabilisation based on the insights from one of the CSOs progress reports. While other grants managers said that the contents of progress reports are shared and discussed more informally within their teams, they were not able to point to specific instances where this had happened.

" What I want from the annual progress reporting is an ability to see if they are progressing according to plan …and an explanation of any deviations or delays from the plan."

Aid administration official

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The ability of grant managers to use results data to inform decision making or course correction around large grants is limited.
The scale and scope of the grants that grant managers oversee are quite substantial. While not all grants across the administration are of this size, the recent decision to have fewer but larger grants, means that in the future most will be. The ability of grant managers to engage in discussion around what is working and what is not, and make suggestions about course correction, based on only an annual

"We can review the report and ask questions – that's about it."

Aid administration official

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progress report from partners is challenging. For example, one grant manager noted: it's just about being aware of any major changes, *'you can't expect more than this given the size of the grant'* another commented that *'we can review the report and ask questions – that's about it'*. The application process is the decision point at *'which the biggest changes can occur'* and it most possible to apply RBM thinking, because you can *'enter into a proper dialogue and set the frame for the next four or five years'*. After this, meaningful use of RBM by the administration becomes very difficult. Grant managers try to manage this challenge, by triangulating field visits with results reports to create a more complete picture of performance, or through ongoing dialogue with partners.

This challenge has already been recognised by those working on grant management. One MFA stakeholder involved in grant management noted that they are aware of how removed grant managers are from the field, and want to build competencies of grant managers to ask the right questions of partners.

5.1.4 Degree to which the enabling factors for RBM are in place in the aid administration

This section discusses the extent to which the enabling factors for RBM identified in the literature review are in place across the aid administration. The six enabling factors reflect a simple theory of change proposed by Mayne (2008) that highlights six 'assumptions' which, if in place, will allow results evidence to be seriously considered within results management and which we used in structuring the review of literature at Annex 5 (published separately at Norad.no/evaluation). Structuring the literature review around the six assumptions showed that most issues identified as important for operationalising mainstream RBM fall within these six enabling factors. The six factors are listed in table 4 along with our overall judgement on the extent to which it is present. The details of the evidence underpinning these judgements is discussed below.

TABLE 4 // PRESENCE OF THE SIX ENABLING FACTORS FOR RBM ACROSS THE AID ADMINISTRATION

Enabling factor	Status in aid administration
1. Key issues are identified beforehand so that appropriate results information can be provided in time to inform decisions made	Partially present
2. Tools and systems that allow the collection and aggregation of results evidence are available	Partially present
3. The right results information is made available and presented in a form that suitable for use in decision making.	Not present
4. Users believe that the results information presented is reliable and credible	Partially present
5. The organisation has enough staff to carry out the work and the relevant staff have the capacity and skills to analyse and communicate results data to facilitate its use	Not present
6. The organisation has a culture of seeking and using evidence	Not present

Key:

Not present: no evidence of the factor being present across either MFA or Norad.

Partially present: evidence that the factor exists either in MFA and Norad and at strategic, portfolio or grant level.

Fully present: evidence that the factor exists across MFA and Norad and at strategic, portfolio and grant levels.

Key issues are identified beforehand so that appropriate results information can be provided in time to inform decisions made

Interviews with MFA and Norad stakeholders consistently indicated that the purpose of results evidence at the strategic level is to meet accountability and external communications needs. Results information, if used, plays a minor role at this level of decision making and there is no expectation that formal analyses of results are either required or necessary.

At the portfolio level there have been numerous efforts to develop results frameworks in Norad, but the data generated is intended for reporting and not to inform decision making. While there was some consideration of evidence in one portfolio (Oil for Development), consideration of what evidence from results might inform future decisions made at portfolio level was generally not a priority. For example, we found in one case study that the process of aggregating results at the portfolio level was not sequenced with the next round of funding decisions to partners. We found no examples of portfolio results frameworks or systematic analysis across portfolios of grants in portfolios managed by MFA.

At grant level, in both MFA and Norad, the regular reporting cycle associated with grant management provides a structure for providing results data in time for decision making. For example, in RAM, the penultimate progress report is referred to as the result reports, and is used in deciding the next round of funding to the partner.

"…most decision making at [the strategic] level is political and there is little scope for the aid administration to feed results information into the discussions. But aggregation is still needed, in order to get oversight."

Aid administration official
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Tools and systems that allow the collection and aggregation of results evidence are available

At the strategic level there is an established cycle of planning and reporting built around the formulation of the budget proposal for the Storting (Prop. 1) and the allocation letters. Government regulations and guidelines however do not explicitly prescribe how RBM should be used in preparation of this proposal, other than

that reports from subunits under the ministries should be used and that these are expected to include reporting on results. As such, reporting happens, but it is fairly random and driven by the need for showing good result stories, rather than a robust assessment of what has been achieved across the support from the aid administration. There is no use of any type of metrics at the strategic level to help with aggregation. Where these exist, they sit at the level of grant schemes and programmes.

At the portfolio level we found instances of results frameworks being aggregated in a systematic way at the level of grant schemes or programmes. In Norad there are various examples of portfolio level results frameworks that have involved experimenting with common indicators and other methods of aggregation to tell a story of performance across a portfolio of grants. One of the challenges in doing this more consistently is the broad objectives outlined in many grant schemes. In order to provide the basis for RBM they need to be amended to provide a more coherent hierarchy of objectives. However, we found limited aid administration-wide support on portfolio level result frameworks other than ad-hoc advice being provided by the Department for Quality Assurance (AMOR) and the issue being covered in advanced RBM training offered to staff.

At the grant level, the administration has put pressure on partners to improve their own systems for aggregating results. Results frameworks are now mandatory for all grants, and all Norad grants over 50 million NOK need to have their results framework quality assured by the Department for Quality Assurance (AMOR). Initiatives such as RAM and the comparative assessment of UN agencies, are also efforts to create systems to embed the consideration of results and RBM in allocation decisions.

● *The right results information is made available and presented in a form that is suitable for use in decision making*

At both the strategic and portfolio levels results evidence is used for informing internal reporting, rather than informing decision making. As such, the issue of whether the data is presented in a form suitable for use in decision making within the aid administration becomes a moot point.

At the grant level the presentation of results data was raised by some as a problem with partners' progress reports sometimes being too long and detailed for grant managers to easily use. There has been a concerted effort by the aid administration, particularly with CSOs, to get partners to provide a clear aggregate picture of performance and results. The challenge is that there is limited aid administration guidance to help partners deliver what is required and grant managers can have significantly different views on what is needed. The aid administration also has limited capacity to support partners in this area.

● *Users believe that the results information presented is reliable and credible*

The aid administration's RBM system relies on partners and their ability to provide robust and credible data at the grant level. Reflecting this, as discussed above, significant investment has been put into improving the partners' reported results data.

It is now a mandatory requirement for partners to develop results frameworks. In addition, rather than simply stating whether a results framework is in place, grant managers are required to assess its quality. In 2015, the Director of Norad introduced a new process making it obligatory that the Department for Quality Assurance (AMOR) quality assure all grant decision documents for grants managed by Norad and over 50 million NOK.

However, many interviewees in the aid administration still had concerns over the credibility of evidence reported. Unlike in systems in some other organisations, the aid administration has no function independently assessing the robustness of evidence reported by partners beyond the Department for Quality Assurance (AMOR).

● *The organisation has enough staff to carry out the work and the relevant staff have the capacity and skills to analyse and communicate results data to facilitate its use*

The issue of capacity has two dimensions: staff numbers and individual skills. Both vary across the administration.

Interviewees consistently stated that for MFA, staff do not have sufficient time to prioritise learning and RBM, both at the grant and portfolio level, given their current work load and priorities. This came out consistently across the Humanitarian Section case studies and in the validation workshop and follow-up interviews. There was also concern that given current capacity, asking sections to take on additional RBM responsibilities such as evaluating grant schemes might not be possible. The skills of individual

"[MFA] seem completely swamped. They don't have the chance to go in and do a proper analysis of the progress report... they work more on the assumption that by giving us funds they accept we are an organisation they want to support..."

CSO representative

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grant managers to engage with partners results frameworks were also reported to vary.

Within Norad the capacity issue was more variable. While there was no indication, as in MFA, that grant managers were stretched too thinly and struggling to make the time to engage with RBM, the issue of the variability of grant managers skills and the priority they gave to RBM came up consistently in the case studies. There was also variation within Norad among sections that have sought to do more portfolio level RBM in how much they invested in the capacities to enable this.

"There is inconsistency in Norad case managers... what [CSOs] are asked to report and the questions they get on their reports and what is used from them very much depends on the case manager."

CSO representative

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The Department for Quality Assurance (AMOR) have been significantly involved in the development of portfolio level results frameworks; the Section for Grant Management (MFA), less so.

● **The organisation has a culture of seeking**
○ **and using evidence**
○

Within MFA, interviews and group discussion suggest that there is not a strong culture of seeking and using evidence. Staff believe that other things are more important for decision making such as political priorities and whether grant recipients can be trusted on past experience to deliver. There is a common view that priorities shift quickly, are politically driven and Norway's comparative advantage is its ability to maintain flexibility and respond quicker than other donors to emerging needs, which means that formal analysis of past performance and results against different policy priorities and objectives has little added value. This view was present across all of the Humanitarian Section case studies, the case study of the Humanitarian grant scheme, and the wider range of MFA stakeholders interviewed.

In Norad, interviews suggest a stronger culture of results, but one that is focused on reporting.

In general, formal approaches to aggregation of results are driven mainly by a need to meet the reporting requirements set out in the allocation letter issued to Norad by MFA. Where a more concerted effort has been put into embedding RBM into funding decisions or portfolio level reporting this has either been driven by the Section Heads or because of political priorities. As a result, practice in RBM varies across the organisation.

5.2 CONSEQUENCES FOR PARTNERS

Evaluation question 2: What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners? To answer evaluation question 2, we developed an analytical framework that identified three main channels or routes through which the aid administration's RBM requirements could affect partners.

› Consequences due to the requirements RBM places on partners to report on results.

› Consequences due to the capacity support the aid administration provides partners to strengthen their own RBM systems so that they can better demonstrate results and learn.

› Consequences due the use of partner's past performance in delivering results to determine funding levels.

For each channel we identified a number of hypotheses, drawing from our literature review, for how that channel might affect partners. These were divided into intended consequences and unintended consequences and then used to direct what we asked interviewees. The extent to which partners identified with and could evidence a hypothesis was then explored through the nine grant level case studies. The list of hypotheses can be found in Annex 3.

5.2.1 Consequences due to the requirements RBM places on partners to report on results

The aid administration's results requirements have led CSO partners to focus on using common quantitative indicators that can be aggregated. A key responsibility of grant managers in the oversight of grants is assessing the degree of goal achievement. To do this across large multi-country grants, a grant manager needs a partner to present a top level summarised picture of performance. This has led to a push for partners to use quantitative indicators which can be aggregated across the portfolio of projects

supported through the grant. While some organisations have been able to do this, others have struggled. All CSOs stated that the aid administrations requirements have led to significant amounts of time required to collect the necessary results information.

A lack of common understanding or requirements across grant managers means that CSOs are uncertain about what is expected of them, leading to increased transaction costs. A challenge that partners have faced around the administration's approach to RBM is that grant managers are not always clear on exactly what data needs to be reported which leads to partners over-reporting. This is exacerbated by the fact that different grant managers have different requirements and so these requirements change when the grant manager changes. This results in excessive time being spent by partners on reporting data, as they report more than necessary to cover all eventualities. This issue was raised in four of the case studies. A particular challenge for organisations receiving MFA funding is responding to ad hoc requests that are directed at partners in response to media or parliamentary questions. Since these cannot be predicted they often require extensive consultation with national level staff to answer.

"We are left to feel our way in the dark on what Norad wants; we tend to give them too much so as to avoid not giving them something they want."

CSO representative

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The heavy focus on the use of quantitative indicator-based reporting seems to have led to a focus on what can be easily measured rather than what is important. Across the case studies stakeholders commented that identifying common indicators across diverse portfolios of activities has been a challenge and often led to a focus on indicators that are easiest to count and quantify. Based on our review of partner results framework we would agree with this assessment. As such, what gets reported, and therefore what CSO spend their time collecting data on, is often the things that can be quantified rather than what is most important.

Some CSO interviewees see a risk that the focus on results indicators is leading to a reduced importance for less tangible, but important, objectives of the CSOs. More intangible and difficult to measure results areas such as advocacy, civil society strengthening and empowerment, which are

important priorities to the CSOs, may be included in grant level results frameworks, but are reduced to simplistic indicators such as number of policies changed. Stakeholders interviewed did not cite specific examples, but are concerned that because of the challenges in measurement, these objectives become less important and, in time, become more difficult to obtain funding for. This echoes the findings in two of the Evaluation Department's recent evaluations: (i) the draft *Evaluation of Norwegian Support to Strengthen Civil Society in Developing Countries through Norwegian Civil Society Organisations;* and *(ii) Evaluation of Norway's Support to Education in Conflict and Crisis through Civil Society Organisations.*[26]

The push towards systematic collection of baseline data has had a mixed impact on CSOs. A key RBM requirement for the aid administration is that all results frameworks should have baseline data. While this has been reported to have generated useful insights and provided CSOs with a much better picture of change, it has also caused challenges.

"If a programme is not reaching what they should be reaching in terms of results, with the common indicators it's easier for them to present the case to management to say we need more resources. If you have 50 different indicators across countries, the messaging is more difficult."

Aid administration official

The most frequently cited is that it has caused tension with local partners because they are being asked to collect data before funding has been guaranteed. However, the administration has shown some flexibility in this area allowing baseline to be completed within a set period of time after the agreement has been signed.

Despite these concerns there are examples of where aggregated data needed by the aid administration has also contributed to better decision making and/or facilitating organisational learning within some CSOs. It's important to note that a number of the CSOs were experimenting with global indicators before the aid administration's push to strengthen the use of results frameworks. We have not been able to assess the relative contribution of what these CSOs already planned and what happened due to the reporting requirements of the aid administration. However, bearing this caveat in mind, interviewees identified increased instances of using aggregated results data to examine performance across the portfolio.

Examples include a CSO using aggregated and comparable data to inform resource allocation decisions across thematic and country programmes, and helping programmes, where results are not being achieved, to make an evidence-based case for additional resources. In another, comparable data has led to countries engaging with each other to understand the drivers of performance in different country contexts and the sharing of good practices. The global indicators were used in another case at a management retreat to explore patterns in the data and underlying reasons for difference in performance across countries. Notably, all of these examples are for the global level and how management has been able to use the aggregated data across the portfolio.

CSOs see a significant risk that the way RBM is being promoted by the aid administration may lead to a change in the nature of the relationship with its CSO partners towards a more transactional, rather than partner-based relationship. Having strong

relationships with partners is important and allowing them the space and flexibility to adapt to their context requires trust. As stated in a recent Norad evaluation: *'Close cooperation, but also a clear division of roles, between the Norwegian authorities and Norwegian NGOs has been a precondition for the development of "the Norwegian model". Norway's aid architecture therefore operates fundamentally as a trilateral partnership between the MFA, Norad and Norwegian CSOs. The latter function both as independent advocates and as a delivery arm for government assistance.*[27] There is a view among some stakeholders that the greater shift towards RBM, more so with Norad than the MFA, underlies a broader shift in the relationship with partners: from a trust based to a more transactional relationship. In this shift RBM is being used as a mechanism primarily for control and accountability of partners. While we cannot say based on the available evidence that this is definitely happening, or the implications of this on the effectiveness of partners work, it is certainly an issue that needs to be carefully managed.

Norwegian CSOs have sought to protect their partners from the RBM requirements for fear that it would skew their focus away from locally relevant work and undermine relationships. Many of the Norway based CSOs work through partners. There has been a fear that the development of global results frameworks and global indicators will start to drive partners' agendas. Significant effort has been invested therefore by the Norway based CSOs to ensure that RBM requirements do not trickle down to their country partners – this often involves country offices playing a mediating role, helping to bridge global reporting requirements and frameworks and locally relevant planning. In most cases, it seems that they have been successful. The compromise is this has introduced more flexibility in what is measured and how, which makes overall reporting more challenging. This issue came out strongly in four of the case studies and was also mentioned by a number of CSOs at the validation workshop. The focus on targets has also been particularly difficult for some organisations, and has led to strained conversations with partners.

The aid administration made a significant contribution to UNDP's ability to report in a systematic and transparent way. This has enhanced the value of what it now reports to donor member states. Investment by Norway in 2011-13 made an important contribution to improvement in the clarity and utility of UNDP reporting against its Strategic Plan 2014-17. While aid administration interviews still identified areas where things could further improve, the consistent view was that the investment had been very successful. This conclusion is supported by the 2015-16 assessment of UNDP by the Multilateral Organisation Performance Assessment Network (MOPAN)[28] which found that *'UNDP has aligned its integrated results and resources framework (IRRF) with the 2014-17 strategic plan, and is now able to strategically assess the relationship between resources (planned and spent) and results (expected and actually achieved). This alignment also allows UNDP to show the link between development results and the financial and human resource inputs required to deliver them.'*

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27 page 19, Evaluation report 9/2017: 'Realising Potential: Evaluation of Norway's Support to Education in Conflict and Crisis through Civil Society Organisations' https://www.norad.no/contentassets/5490809999e545be8257 166aaa01ffd9/9.17-education-in-conflict-and-crisis_evaluation-report.pdf

28 http://www.mopanonline.org/assessments/undp2015-16/Mopan%20 UNDP%20report%20final%20interactive.pdf.

"Things have changed – there is general trend to move in results direction regardless – but if Norad puts an emphasis on it then it has an impact on the way …we will do things."

CSO representative

"Developing a solid results framework, which we have spent a lot of time and energy on, is a result of increased requirements from donors like Norad and MFA – so in that sense, increased requirements can be complicated when they come, but they definitely help us improve."

CSO representative

5.2.2 Consequences due to capacity support the aid administration provides partners to strengthen their own RBM systems so that they can better demonstrate results and learn

The emphasis on RBM by the aid administration has spurred most CSO partners to invest more in their RBM systems and capacities. Given the long-term relationships that the aid administration has with its partners, and the ongoing funding that many of them received from Norad and/or MFA, an intended consequence of attaching RBM requirements to grants is to incentivise organisations to invest in their RBM systems and competencies so that over time there is improvement in what they can do. Across all of the case studies there is evidence of the aid administration's requirements contributing to partners investing in RBM competencies. A number of informants emphasised the importance of partners investing in their own RBM capacities, so that they can begin to

shape what RBM means to their organisations and have a more detailed dialogue with the aid administration on why they want to measure results in a certain way.

In three out of our four CSOs included as case studies the push from the aid administration was clearly a major factor in the organisations' current investments in RBM. For many of them, Norad asking for results frameworks spurred on the conversation internally on RBM and ensured there was attention to the issue of measuring results at a senior level. This was echoed by a number of other CSOs at the validation workshop.

The level of support that the aid administration has provided to partners in developing their RBM systems has been variable. A consistent finding across the case studies is that grant managers have neither the time

nor the skills needed to support CSOs or organisations such as UNDP to enhance their own RBM systems. The sustained support from the aid administration between 2011 and 2013 to support UNDP in reporting against its Strategic Framework is an exception. The guidance provided to partners takes the form of written comments provided by the Department for Quality Assurance (AMOR) and shared through the grant manager. The challenge with this is that the Department for Quality Assurance (AMOR), because of their own capacity constraints, report that they do not have the time to really understand a CSO's specific RBM related challenges and tailor their response to these specificities. As such, partners sometimes were left feeling frustrated that the Department for Quality Assurance's (AMOR) feedback missed the mark, and did not reflect the underlying reasons why a framework had been structured in a certain way. The effectiveness of this guidance, at least in the context of the CSOs, has been reduced further by the requirements of the RAM assessments. With the introduction of RAM, in order to keep the competition for funds fair, grant managers have been reluctant to engage too intensively with CSOs during the process of grant proposal development. Yet this is exactly when engagement on the CSOs own RBM systems and implications of

the aid administration's reporting requirements is most valuable and relevant. This said, there is extensive dialogue that takes place with CSOs following the RAM assessment and prior to the signing of the agreement. In addition, within the Civil Society Department there have been efforts to set up a results team that is available to other case officers in their dialogue with CSOs over their results frameworks. The Department is also piloting monitoring, evaluation, and learning (MEL) reviews of partners where members of the team conduct an assessment of a partner's planning, monitoring and learning systems, to provide tailored recommendations for improvement.

While the effective use of RBM within UNDP remains a concern to the aid administration, it has not contributed significantly to enhancing the use of RBM within UNDP. The steer from Norway has been similar to other donors: make improvements to RBM and drive an RBM culture. The aid administration has done this through two main channels: their engagement with the Executive Board and through the Annual Strategic Dialogues that happen on a bilateral basis. On the Executive Board Norway has consistently flagged the importance of RBM and engaged on agenda items at the board that relate to results. In the Annual Strategic Dialogues,

it has consistently focused on areas reported in UNDP's corporate scorecard as below intended performance in a constructive manner aimed at encouraging the organisation to be open and learn how to perform more effectively. While helpful, these engagements around RBM have not substantially affected the practices of RBM in UNDP. As a 2017 independent evaluation of UNDP's institutional effectiveness[29] concluded *'Results-based management (RBM) continues to be associated more with compliance-driven practices to satisfy reporting requirements, with a limited focus on learning from evidence to enhance knowledge management for decision-making and improved performance and effectiveness with targeted financial allocations. In order to effectively institutionalise RBM, UNDP has yet to find the balance between compliance for reporting, and learning for improved results and institutional effectiveness.'* Experience suggests that in responding to its member states, UNDP has developed one system that allows it to report credibly to its Executive Board and another for RBM at the country programme level.

5.2.3 Consequences due to the use of partner's past performance in delivering results to determine funding levels

We did not find evidence of RBM as yet having a major impact on what and who gets funded (and to what degree) across the aid administration. An assumed consequence of RBM is that decisions on who to fund are made based on evidence of results: those initiatives or organisations that show good results are supported with more funding, while those that show consistent poor performance have funding stopped or reduced. The extent to which this hypothesis holds within the aid administration is limited. As described above in section 5.1.3, the only clear example of where results data is consistently driving allocation decisions, or at least substantially informs them, is RAM. In other cases, while results data may be considered, it is rarely the most important factor in the decisions.

We also did not find evidence of RBM significantly shaping what gets funded with individual grants. In some cases, grant managers do get support from subject matter specialists or draw on evaluation findings, but in the main grant managers do not have the time to engage with partners to either learn what works best within a grant or provide examples from other grants.

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29 http://web.undp.org/evaluation/evaluations/thematic/institutional-effectiveness.shtml.

Where there has been a focus on embedding RBM into allocation decisions, there is a concern that it could privilege larger more professional partners. There is a concern that organisational processes such as RAM which assess both an organisation's past results and its RBM systems and process, along with other core organisational capacities, could lead to larger more professional organisations receiving funding to the detriment of smaller, possibly more innovative organisations. The reason for this is the focus on organisational systems and structures. What you can expect from a small organisation and a large INGO with an M&E department is different. The key is calibration. The Civil Society Department is aware of this and are experimenting on how to apply RAM to organisations of different sizes and forms. However, it is worth noting that on some levels, measuring results is possibly easier for smaller organisations. As is discussed below, some of the main challenges for large Norwegian NGOs and multilateral institutions such as UNDP is how to meaningfully measure and communicate what you are achieving across a portfolio that cuts across countries and themes. Given the general trend towards fewer and larger grants, a reliance on larger, more professionalised partners is arguably inevitable.

"We say that we want to evaluate each organisation on its own terms, to what extent we are succeeding on this needs to be discussed. RAM is quite heavy tool for small organisations."

Aid administration official

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There are some concerns of RBM creating a slower more bureaucratic system, but also a recognition that large grants require appropriate levels of due diligence. An issue raised by a number of grant managers we spoke to through the case studies, and other administration stakeholders, is the additional bureaucracy that has been created with the greater focus on results and the challenge this can pose when staffing levels have not kept pace with the increase in the overall overseas development assistance allocation. Grant managers commented that processes such as RAM or the multilateral review that was conducted of UN agencies, while systematic and objective, take considerable time. This slows down funding. This point was echoed in a recent review of the Department for Quality Assurance (AMOR) pilot to provide mandatory QA of all grants over 50 million NOK which found that the QA process was perceived

as a bottleneck at times. The concern is how to marry a greater emphasis on results while remaining to be a donor that is responsive and flexible. While these are valid points, and certainly common criticism of RBM systems – they do increase bureaucracy – the size of the grants being disbursed are – and will increasingly be more so – high value.

5.3 CONTRIBUTION TO DEVELOPMENT OUTCOMES?

Evaluation question 3: How does the aid management's existing practice of results-based management contribute (or not) to development outcomes? Our approach to evaluation question 3 was exploratory in nature, aiming to explore and document the views of partners on how the use of RBM by the aid administration might have contributed to enhancing development results; it was not evaluating whether this had occurred. Our assumption was that the most plausible contribution that the aid administration's RBM requirements could make to enhancing contributions by the partners to development outcomes was through two pathways:

› The aid administration uses results data to inform prioritisation and resource allocation. By putting resources into organisations and

programmes that show results, this would lead to better development outcomes.

› Requiring partners to strengthen their RBM systems, which would lead to them collecting data of what works and what does not and then using this in decision making. This would in turn lead to the achievement of better development outcomes.

Both pathways were explored through the nine grant level case studies and wider interviews.

Given current RBM practice, it is difficult to see how the first pathway to delivering enhanced development outcomes is likely to happen. As we have discussed throughout the report, the aid administration has not invested systematically at drawing out lessons across portfolios of grants that contribute to the same overarching objectives and then using such analysis to inform its future allocation decision making or to influence what partners do within their grants. The assumption is that either at the level of the grant scheme or programme, analysis of results would inform better allocation of future funding across the portfolio. We find little evidence that this happens on a consistent basis across the aid administration, although initiatives such as that by the Department for Quality

Assurance (AMOR) to initiate learning across decentralised evaluations is a step in this direction. This finding is echoed in other Norad evaluations.[30] Likewise, at the level of the individual grants, there is limited evidence that results evidence is a major determinant of funding. RAM is the exception. Likewise, given that grant managers are pressed for time, in the absence of easily available and relevant lessons, it is unlikely that grant managers have the information available to engage with grantees on the substantive focus of the grants.

The extent to which current practices in RBM are likely to enable the second pathway to delivering enhanced development outcomes is more mixed. The increased use of RBM in managing grant level relationships with partners has mainly been driven by the need to be able to demonstrate results rather than enhance the capacity of partners to contribute to development results. As discussed in Section 5.1 above, while there has been a significant increase in working with grantees to ensure that results frameworks and indicators are in place for all grants, this has been driven by a need to report and demonstrate results rather than to

enhance learning or the nature of engagement between the grant managers and grantees. This was the case across all of our case studies. For example, we found little evidence that the aid administration's practice of results-based management is likely to contribute significantly to UNDP delivering a greater contribution to development results. Possibly, the sustained focus by Norway, and other donor members of the Executive Board may in future mean that UNDP prioritises results-based management in its programming, but that is impossible to judge at this point.

That said, there is some evidence that the aid administration's practice of results-based management may have contributed to greater contributions to development results by some CSOs, but the contribution is modest to date. In Section 5.2, a number of instances of CSOs using aggregated results data to examine performance across the portfolio were cited, that potentially may lead to better allocation of funds across the projects supported. However, a number of the CSOs were experimenting with global indicators before the aid administration's push to strengthen the use of results frameworks across all grants and so it is impossible to assess the degree to which these examples were triggered by aid administration. In theory, requirements

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30 Evaluation Department's 2017 *Evaluation of Norway's Support to Education in Conflict and Crisis through Civil Society Organisations.*

by the aid administration at grant level could lead to changes in M&E practice within the projects at country level and enhanced results. However, to date CSOs report making significant efforts to ensure that the aid administrations RBM requirements do not trickle down to their country partners.

"These are big funds and we need to be able to report to the public what's being achieved. It's more two do with reporting than management and future steering."

Aid administration official

trust for aid, in order for the aid administration to secure funding. What seems to be happening at the moment though, is that accountability to the public is driving the orientation of RBM, and that RBM for learning and enabling development effectiveness is getting lost.

The outcomes which the aid administration's RBM requirements are most likely to contribute to are: greater transparency in the use of ODA resources and greater public understanding and possibly trust in aid. The push towards better results reporting is mainly driven by the need to justify funding levels. To demonstrate to parliament, the public and the media that aid resources are being used efficiently and effectively. This was raised in interviews with a number of MFA and Norad officials. This is an important outcome. There needs to be general public

6. Conclusions and recommendations

6.1 CONCLUSIONS

Despite the political commitment to being 'results orientated' and ensuring 'funds deliver results', there has been no attempt by the aid administration to articulate what results-based management (RBM) looks like for Norwegian development assistance, how it should operate at what levels, or the value it brings to achieving development outcomes. In the absence of this vision and strategy, RBM has become associated with demonstrating and reporting results. While the use of RBM in this way might contribute to greater transparency in the use of Norwegian development assistance and improve public understanding and possibly trust in aid, it adds little in terms of contributing to the delivery of better development outcomes by partners. If the goal of the aid administration is to enable the Norwegian funds to have the biggest contribution to development outcomes as possible, it needs to move beyond simply asking partners for more and better evidence of results so as to satisfy reporting requirements, to clearly articulating how it wants to use this data to learn and inform decisions about what and who it funds.

6.1.1 How is results-based management practised by the aid administration?

Conclusion 1: **There is not a shared understanding of what RBM is across the aid administration or common vision for how it should add value to the delivery of Norwegian development assistance. As a result, there is considerable variation in how RBM is interpreted and practiced.**

Commitments to being 'results orientated' and ensuring 'funds deliver results' are consistently found in government documents, but there is no detail on what this should look like in practice. The only guiding documentation is the definition from the Norwegian Directorate for Financial Management's documentation on RBM. This is intentionally broad to allow individual ministries to contextualise RBM to their specific operating context, and is only guidance. We find that no attempt has been made by the aid administration to articulate what RBM looks like for Norwegian development assistance overall. In the absence of this, individuals have interpreted RBM in the way

that makes most sense to them. Through the evaluation we found considerable variation in how RBM is practiced between: Norad and Ministry of Foreign Affairs; Departments and Sections; portfolios (grant schemes and programmes) and grants. On one level this variation is understandable and reflects differing contexts. For example, the way RBM can be practiced in managing the relationship with a multilateral institution such as UNDP is different to how it can be used to manage a competitively tendered grant to a CSO. However, in the absence of a clear articulation of what the added value from RBM should be, it becomes impossible for the aid administration strategically to see whether or not it is making progress or identify what is successful and where the most important challenges lie.

Conclusion 2: **The current orientation of RBM does not effectively balance the two main purposes of RBM – learning and accountability.**

RBM is both about demonstrating accountability for results and using results evidence to learn

and inform on-going decision making. Currently, the main focus of RBM within the aid administration is towards gathering and using results evidence to demonstrate what partners have achieved with Norwegian tax payers' money and to report this to senior management, parliament and the public. While this creates greater transparency in the use of ODA it will not make Norwegian development assistance more effective, or help deliver the government's commitment to orientate development cooperation towards ensuring more evidence-based and effective aid. To do that, there needs to be much greater focus on using results data to better understand the effectiveness of Norway's aid and to shape what and who to fund. While the evaluation found pockets where results data is being used in this way, both at grant and portfolio level, it has yet to become common practice. Our conclusion is that major factors behind the present situation are a lack of an explicit strategy to move RBM more towards enabling learning and improvement (see conclusion 1) and also the absence of wider results and learning culture across the aid administration (see conclusion 5).

While other countries have found that balancing accountability *and* learning can be challenging, as RBM gets overly skewed towards

generating data that can be used to combat negative media coverage or convince the public of the value of aid, we do not see this as necessary the case in Norway. While difficult to substantiate based on documentation, our view, based on our work with several other governments in this area, is that the external pressures to report on development results to meet accountability demands seem lower in Norway compared with in other countries. As such, this gives the aid administration potentially more of an opportunity to develop an RBM approach that is both squarely focused on demonstrating results and using results data to learn and improve.

Conclusion 3: **While there have been efforts to improve RBM in recent years, these have been focused primarily at the level of grant management and on improving the quality of partner's results data.**

Given Norway's partner-led approach, the aid administration is reliant on partners' reporting to provide the majority of its results data. In 2014 a Norad evaluation concluded that the ability of the aid administration to show what difference had been made with Norwegian aid resources was severely constrained by the quality of partners' results data. As a result, a significant effort has been put into improving

this recently, most notably through the quality of partners' results frameworks and RBM systems. While there is an underlying logic to this approach - you cannot begin to use results data for decision making, before it is sufficiently robust and credible - a challenge is that it means partners are in some cases reporting data which they perceive to have questionable value for their own purposes, but do so because they think the donor needs it. The aid administration has rarely thought through exactly why it needs the requested data, other than to monitor what partners are doing. This can lead to high transaction costs for partners (see conclusion 7).

Conclusion 4: **While introducing a greater RBM focus to the annual budget process (Proposition 1) will be challenging given the political nature of this level of decision making, a clear and consistent RBM approach at the lower levels of the aid administration could add significant value to how the aid administration functions.**

During the development of the annual budget proposal and results report (Prop. 1) that the Ministry of Foreign Affairs submits to the Norwegian parliament and the associated allocation letters the Ministry has with Norad, there is limited systematic use of

evidence from the current RBM system to inform the decisions that are being made. These processes necessarily involve complex decision-making processes in which political priorities and other factors, rather than evidence of results, will inevitably dominate. However, the goals and objectives in the annual budget proposal are often specified at a broad policy level and the aid administration is not taking responsibility for operationalising these in either the allocation letters to Norad or in how funds are allocated to departments and sections within the MFA. In the absence of this operationalisation of the annual budget, it makes it very difficult for the aid administration to practice RBM at the strategic level.

We found pockets of experimentation with regards to practicing RBM at the portfolio level, including through portfolio level results frameworks, the use of common indicators and the production of menus of indicators. These are positive developments as they provide the aid administration with a stronger and more credible overview of what is happening across a collection of grants. However, the next steps of embedding RBM more effectively at this level is being held back by a number of issues:

› First, the dominant driver for portfolio level RBM seems to be reporting what has been achieved at an aggregated level to the public and Storting. As said above, while ensuring greater transparency of aid is an important objective of RBM, alone it does not enable strategic management of resources or drive better use of funds.

› Second, while portfolio level data is being collected, this is normally not being systematically analysed and used to inform on-going portfolio management. While we were told that this is happening informally to varying degrees, greater structure around the cycle for portfolio management is needed if such practice is to be fostered across the whole aid administration. For many, an absence of appropriate staff skills and time at the portfolio level was a barrier to not using results-evidence at the portfolio level.

› Third, there is limited use of results evaluation at the portfolio level. While reporting against results frameworks at portfolio and grant level will indicate whether a change has occurred, to help explore 'why' it has or has not occurred and 'how' – the types of questions that drive learning – you need results evaluation. We found very few examples of sections using decentralised

evaluations to support the ongoing strategic management of their portfolios.

› Fourth, the foundations for coherent portfolios are not always in place in the aid administration. Grant schemes are the most common basis for defining a portfolio. However, many have objectives that are very broad and lack clear programmatic coherence. This means that it is difficult to both strategically select and then maintain oversight of how the portfolio collectively contributes to the achievement of the intended objectives. While officials have the authority to create a clearer set of objectives at portfolio level, they are not taking advantage of it. However, setting objectives at this level needs to be done carefully. Too specific and you might constrain partners work, too general, and you have no strategic focus. Also, especially on complex issues, you need to allow the scope for strategy to be emergent. There is much experience in this area, so these are by not mean insurmountable issues.

Conclusion 5: While a number of the foundational features of RBM are in place in the aid administration, a results and learning culture is not. To cement a greater focus on learning, this needs to be created.

Some aspects of RBM are relatively technical for example: measuring results, making sure results evidence is reported at the right time, having systems in place to bring different data sets together to create a summarised picture of results. Elements of these are present in the aid administration. What we judged to be missing is a culture in which staff systematically seek out and learn from robust evidence (results data, evaluations) on what works and what does not, and takes action based on this.

In the evaluation we consistently found, at all levels, a focus on RBM for reporting, rather than learning. We found that staff, particularly in the MFA, stressed the limited time they had for reading results reports, but also the limited value of formal analysis of past performance and results against different policy priorities and objectives because of the shifting nature of priorities. While our MFA case studies were exclusively from grants and portfolios within the Department for UN and Humanitarian Affairs, we triangulated our findings with other

departments as well. Across both MFA and Norad there was also a clear focus at the grant level on using reporting as a way of ensuring compliance and accountability with grant management rules.

We also found an absence of sustained senior management leadership on results. The experience from other organisations is that this is central to effective RBM. There needs to be a clear indication from senior management that at all levels clear objectives need to be set and that the use of results evidence is prioritised. This requires consistent communication by senior managers, but also for senior managers to be role modelling this expected behaviour. While there is a general commitment among senior management in MFA to having 'a results orientation' this is not the same as senior management role-modelling the use of results data in their day to day work. We found that there is no sustained senior management leadership on RBM.

6.1.2 What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners?

Conclusion 6: We found little evidence that results evidence has been systematically used to inform decisions on either what or whom to fund or in the design of grant schemes.

An assumed consequence of RBM is that decisions on what and who to fund are made based on evidence of results: those initiatives or organisations that show good results are supported with more funding, while those that show consistent poor performance have funding stopped or reduced. We did not find evidence that results data was consistently being used in this way. For example, while there is a high-level commitment within the aid administration to focus on areas where Norway can contribute to results, we found no evidence to suggest that there had been or was going to be a systematic analysis of results data to inform what these focus areas should be. Likewise, at the grant level, while we found significant focus and interest in UNDPs results, there was no clear evidence of this ever really impacting the level of core funding to the agency. Through the evaluation we found efforts to bring evidence

into funding decisions, but, on balance, other factors such as political priorities or the fact that an organisation was a long-term partner, seemed to take priority. The only clear example of where results evidence was consistently driving allocation decisions, or at least substantially informing them, was the Civil Society Department's RAM model. However we have questions about how transferable this model is outside of grant schemes that allocate funds through competitive tendering processes.

Conclusion 7: **While we found evidence that the aid administrations RBM requirements have led to partners investing in their RBM systems, and in some cases gaining new insights that have informed decision making, the requirements are often skewing partners RBM systems to generating data for reporting, rather than improvement and learning. At times, this has led to an increase in transactions costs.**

A positive consequence of the aid administration's RBM requirements is that is has spurred on partners to invest in and strengthen their own RBM systems. While in a number of the case studies, partners have been investing in their own RBM systems and approach for some time, for others, the recent push by the aid administration to use results

frameworks across all grants has catalysed discussion internally on what RBM means to them and investment in new systems and capacities. This has led to RBM adding value in a number of ways: for example, some partners reported collecting new data at the aggregate level which has informed internal decisions about how resources should be allocated between countries, others commented how baseline data, now a mandatory requirement of funding, has generated useful insights for programming, and provided CSOs with a much better picture of change.

However, the aid administrations' RBM requirements have also had unintended consequences. Notably, we found evidence to suggest that partners RBM systems are being skewed to meeting the reporting expectations of the aid administration. In some cases, this focus on reporting was the driving force behind the partner's entire RBM system. In these cases, we found data is being generated which partners do not see the value of, and do not use to inform internal decision making, but collect because it is a reporting requirement for the aid administration. As has been discussed above, the aid administration needs high quality data from partners to be able to ensure accountability for resources and manage for results itself – this is inevitable.

But there needs to be greater clarity on what data the administration needs for these two purposes and why. At present, this varies too much between grant managers. This is leading to unnecessary increases in transaction costs for partners. Related, there also needs to be a more nuanced promotion of common quantitative indicators as the principal way of measuring and reporting an overall picture of results. While common indicators provide a useful way of tracking and reporting overall change, they are not appropriate in all contexts. For example, we found that particularly in the context of more difficult-to-measure activities such as advocacy, empowerment and capacity development, they are leading partners to measure and report what can most easily be measured, rather than what matters most to understanding and informing change. This is not in either the aid administrations interests, or partners.

6.1.3 How does the aid management's existing practice of results-based management contribute (or not) to development outcomes?

Conclusion 8: **The RBM orientation currently being pursued by the aid administration towards reporting results, while contributing to greater transparency in the use of Norwegian development assistance and improving public understanding and possibly trust in aid, is likely to add little in terms of contributing to the delivery of better development outcomes by partners.**

The story we have told through this evaluation is one where RBM is being pursued, but with a very strong focus on measuring and reporting results and very little consideration to how this data can be used (and should be used) to inform decision making in the aid administration. This approach will undoubtedly contribute to greater transparency in the use of Norwegian development assistance and is likely to improve public understanding and trust, but it will not drive improvements in aid. It will not result in a better understanding of what works, or resources flowing to initiatives, organisations and programmes that show the most promising results. While there are pockets within the aid administration where individuals and teams are trying to use results evidence

in this way, they are not systematic. At the level of partners, the picture is a bit more mixed. While we found examples of the aid administration's RBM requirements leading to results data informing decisions and improving partner's understanding of change, which could plausibly lead to better development outcomes, these were not widespread. The dominant effect of the RBM requirements on partners was to increase the level of reporting.

If the goal of the aid administration is to enable the Norwegian funds to have the biggest contribution to development outcomes as possible, it needs to evolve its current RBM approach. It needs to move beyond simply asking partners for simply more and better results-evidence, and then reporting a synthesised version of this to the Storting and the public, to clearly articulating how it wants to use this data to inform decisions about what and who its funds.

6.2 RECOMMENDATIONS

1. **The aid administration needs to develop a vision and strategy for RBM that articulates what the added value of RBM should be to Norwegian aid and that balances the contribution of RBM to learning and knowledge sharing, as well as reporting.** This should clearly detail the aid administrations expectations for RBM at different levels of the administration and define the institutional accountabilities for the delivery of the strategy.

2. **Senior leadership within the aid administration need to role model the use of results-evidence in decision making.** They need to be seen to be actively questioning what the evidence base for decisions are and prioritising the generation of robust evidence to inform decisions at all levels. This clear messaging from the top of the administration will help signal to staff the importance of RBM, and will help address some of the perceived challenges about staff not being able to find the time to use results data.

3. **Senior leadership need to operationalise RBM at the strategic level within the aid administration by operationalising the high level policy objectives outlined in the government's annual budget into a set of lower level objectives.** These should then be reflected in allocation letters and the resources allocations to sections in the MFA and provide the focus for results reporting and learning.

4. **The aid administration should adopt a more consistent approach to how it structures its work through portfolios (grant schemes, programmes, or cross-government strategic priorities) and operationalises RBM at this level.** This should include:

a. Adopting a common definition of what a portfolio is and requiring all portfolios to set clear strategic objectives underpinned by a coherent programme logic.

b. The development of results frameworks at the portfolio level, but with a more cautious use of portfolio level indicators. Common indicators should only be used where the data that is generated does not require disproportionate amounts of resources to generate, and is sufficiently robust. Where these criteria are not met,

other approaches to aggregation such as menus of indicators, or more narrative syntheses of results should be used to build an aggregate picture of results.

c. Recruit staff, or if this is not possible, train existing staff in knowledge brokering skills. The simple act of collecting results data does not mean it will automatically contribute to a decision, it often needs to be repackaged according to the specific needs of the intended user. Being able to analyse and package evidence in this way requires a specific skill set.

d. Use evaluations at the portfolio level in a more consistent and systematic way to establish the results of the portfolio. Ideally, the evaluations should start before the grants are given, follow it over time to assess what they are doing and how, and end after the expected results have emerged. Used in this way, portfolio level evaluations can be used to validate partners reporting, but also to understand how the portfolio as a whole is operating. They also allow the aid administration to meet some of its learning needs, but without placing all of the pressure and responsibility on partners to generate the necessary data.

e. Assign accountability for operationalising RBM at the portfolio level to the senior 'owner' of the portfolio.

5. **The aid administration should be cautious of not allowing its reporting demands skew the focus of partners RBM systems away from generating data that is most useful to them for learning purposes.** This should include:

a. A more judicious promotion of common quantitative indicators as the primary way for partners to develop an aggregate picture of results, and acceptance of other approaches proposed by partners where appropriate.

b. A greater and more systematic focus in the management of grants on probing partners to articulate based on results evidence, not just what they are achieving, but also what is not working and why, and what are they learning.

c. Grant managers and partners engaging in more open dialogue at the start of a grant about what results data the aid administration needs for internal accountability requirements, and why, and what it needs for internal learning purposes.

The goal of this dialogue should be to agree on a results framework and reporting systems which meets both parties needs, but without creating unnecessarily high transaction costs.

d. Provide more guidance to aid administration staff on what are realistic expectations for results frameworks on large complex multi-country/multi-sector grants.

Annex 1: Terms of Reference (TOR)

EVALUATION OF THE NORWEGIAN AID ADMINISTRATION'S PRACTICE OF RESULTS-BASED MANAGEMENT

Bakckground and purpose

Norwegian 'development policy is designed to promote economic development, democratisation, implementation of human rights, good governance and measures that can lift people out of poverty for good. Priority is given to education, humanitarian assistance, health and vaccination, private sector development, climate change adaptation and mitigation, and human rights.' [31]

To achieve implementation of this policy the Norwegian government has stated a commitment to results in its political platform, and will; 'Orient development policy towards performance, carry out systematic evaluations that will directly affect budget decisions, and facilitate full transparency regarding the scope, implementation and impacts of

Norwegian development policy.' (Political platform, 2013:71) This is in line with the Paris, Accra and the Busan declarations on aid effectiveness. A focus on results is also a requirement of the regulations for management of public funds. [32]

Despite this commitment to results, several evaluations have questioned the aid administration's ability to demonstrate results achieved (Evaluation Department, 2014, Evaluation Department, 2017). These evaluations have however focused on documentation, and not specifically on how the existing results orientation manifests itself in management, or what the effects of the existing approach are. This evaluation will complement previous evaluations by documenting the current practices and analysing the consequences of these.

The purpose of this evaluation is to contribute to improved results-based management in the Norwegian aid administration. This will be done

by documenting how results-based management is practised in the management of aid grants, and through a discussion of how this contributes (or not) to development outcomes. The focus will be on the consequences of the current approach to results orientation, including how this affects what and whom to fund (and to what degree).

Results-based management

The Directorate for Financial Management (Direktoratet for økonomistyring (DFØ)) defines results-based management [33] as 'Setting objectives for what the organisation should achieve, measure results and compare these with the targets, and use this information both for control and learning in order to improve and better the organisation's activities.', [34] and states that the purpose of governing by results is to 'increase the effectiveness and efficiency by allowing the underlying entity to decide

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31 From the Government's website: www.regjeringen.no/en/topics/foreign-affairs/development-cooperation/id1159/ accessed 28 March 2017.

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32 See 'Økonomireglementet'; and 'Bevilgningsreglementet', paragraph 10.

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33 We have translated 'mål- og resultatstyring' to results-based management.

34 Translated from Norwegian: «Å sette mål for hva virksomheten skal oppnå, å måle resultater og sammenligne dem med målene, og bruke denne informasjonen til styring, kontroll og læring for å utvikle og forbedre virksomheten.» https://dfo.no/fagomrader/okonomiregelverket/ord-og-begreper/glossary/m/mal–og-resultatstyring/ accessed 31 January 2017.

how targets should be met'.[35] In other words, results-based management is a management strategy[36] where management employs a set of tools to reach the organisations objectives. This is further illustrated in Figure A1.1, the management wheel, from guidance material for the management of public funds.

In Norwegian development cooperation, the overall objectives are laid down in budget propositions and white papers. These may also be further specified in allotment letters and programme papers. Targets and management parameters for the management of funds, including a plan for monitoring and evaluation are normally specified in grant scheme rules. Results are reported back to the grant manager,[37] and feed into the decision-making process in the aid administration and government. Hence a full management cycle starts and ends in government.

While the concept may be easy to grasp generally, there is no solution that fits all

FIGURE A1.1 // THE MANAGEMENT WHEEL (IN SSØ, 2010:9)

Step 1: Overall objectives and strategy

Step 2: Management paremeters

Management and dialogue

Step 3: Measurements of results and evaluation

Step 4: Learning and improvement

organisations, and results-based management can be challenging to implement for a wide array of reasons. Mayne (2007) sums up common challenges in results-based management, and divide these into organisational and technical challenges. Technical challenges tend to get most attention and are mostly related to Steps 2 and 3 in the management wheel above. Organisational challenges however, such as setting realistic expectations and fostering the right culture are also important. For learning to take place, it is crucial to address both technical and organisational challenges.

In addition, Van Thiel and Leeuw (2002) argue that results-based management is vulnerable to wear and tear, unless the system evolves with the organisation. In other words, results-based management is vulnerable to a wide array of challenges, and may have to be continuously adapted to ensure that it serves the organisation's needs.

When information is used for funding decisions, this affect incentives and can affect outcomes. Major strengths could be an increased focus on what matters, better programmes through

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35 Translated from Norwegian: «Hensikten med mål- og resultatstyring er å øke effektiviteten og få mer ut av ressursene ved at underliggende nivå får frihet til selv å bestemme hvilke virkemidler som skal brukes for å nå målene.» https://dfo.no/fagomrader/okonomiregelverket/ord-og-begreper/glossary/m/mal–og-resultatstyring/ accessed 31 January 2017.

36 In guidelines to results-based management, DFØ also stresses the importance of having a strategy for how to achieve the organisations' objectives (DFØ, 2010: 17–19).

37 The grant manager may also collect additional information.

learning, cost-effective decisions, and ultimately better development outcomes. Potential weaknesses could include costly reporting, overly positive reporting or otherwise faulty reporting, limited willingness to undertake risk, attention mostly to what is easy to measure and so forth. Norwegian experiences with linking funds to results is further described in; (Evaluation Department, 2015a; Evaluation Department, 2015b; Evaluation Department, 2015c).

Audience and use of the evaluation
Given the focus on management practices, the main users are management and units within the Ministry of Foreign Affairs (MFA) and Norad. To ensure learning and to promote an interest in the evaluation, stakeholders will be actively involved in all phases of the evaluation. The evaluation is expected to be presented in February 2018 and could aid the administration's implementation of the government's development policy.

Scope
Unit of analysis will be funding to multilaterals and Norwegian civil society organisations. These are among the largest partners in terms of funding (in 2015).

UNDP is selected as a case from the multilateral partners, since this is an organisation where the Norwegian aid administration has worked actively to promote a focus on results. UNDP is also the largest UN-recipient of Norwegian funds, and in 2015 they received about NOK 1.7 billion, or about 5% of the total budget (Norwegian development statistics 2015).

It is suggested that the eight organisations that receives most[38] funding should be selected as cases for this evaluation. Civil society organisations are chosen because the aid administration has worked actively to link funding to results, for example by implementing RAM.[39] An added benefit of including the largest civil society organisations is that not all have been subject to RAM. This allows for a comparative perspective of the increased focus on results. To make data collection manageable, two organisations may be selected for more in-depth study, while the rest could be approached to ensure that findings are generalisable to the group.

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38 Based on the share of funding received between 2011–15 – see Norad's results report 2016, page 94. https://www.norad.no/contentassets/1a09af882ed54c14aee97352310f8aec/norads-resultatrapport-2016-sivilt-samfunn.pdf.

39 https://www.norad.no/aktuelt/nyheter/2015/ram-light--metode-for-vurdering-av-soknader/.

With respect to time covered, focus is on how results-based management is practised today, based on one full management cycle. The number of years required to capture a full cycle, and effects on partners will have to be decided after the inception phase. That said it may be necessary to cover five years.

Evaluation questions and objectives
The evaluation will address the following questions:

a. How is results-based management practised by the aid administration in its management of grants? Of particular interest is how and what information is collected and used in planning, the setting up of grant schemes, in the awarding of grants, follow-up and for changing course.

b. What are the intended and unintended consequences of this work, both with respect to choices of what and whom to fund (and to what degree), and for partners? (For example with respect to changes in how the aid administration and partners operate, time spent on documenting results, follow-up and quality assurance, evidence base for decisions, etc.)

c. How does the aid management's existing practice of results-based management contribute (or not) to development outcomes?

The evaluation has the following objectives:

a) Describe how the aid administration applies results-based management

b) Identify strengths and weaknesses of the current approach to results-based management

c) Discuss possible consequences for development outcomes of the current approach

d) Suggest areas for improvement

Approach

The evaluation approach shall be theory based,[40] and should be based on an underlying model of results-based management in the aid administration. The model should be based on existing theory and research/evaluations, for example literature on results-based

management and its critique. The team should not limit themselves to literature suggested in these terms of references.

Theory-based evaluations are usually based on a theory of change that opens the so-called black box and explain causality and changes, including underlying assumptions. In this instance a theory-based approach means that the evaluation team shall develop a theory of change for how the aid administration's practice of results-based management contributes (or not) to development outcomes.[41] This includes specifying causal pathways for how the aid administration's work can affect outcomes through the design of grant schemes, selection and follow-up of partners. This theory of change should be based on a review of the literature and all links should be thoroughly explained. All underlying assumptions shall be spelled out, including potential adverse effects. This model should be used to analyse existing practices and as a tool to identify strengths and weaknesses. Choices of methods and proposed strategy for undertaking the evaluation shall be grounded in this theory.

Even though the evaluation will not measure the effectiveness of development projects/programmes directly, a theory-based approach will allow for a discussion of how the current results orientation contributes (or not) to development outcomes.

Methodology

It is suggested that data will be collected using three research methodologies:

(a) A desk review of documents. For example; Previous research and evaluations on results orientation or results-based management. Decision documents, allotment letters, strategy documents and plans for management (accessed from archives in Oslo). Rules and guidelines, for example grant schemes rules,[42] guidelines for preparing these,[43] the Results Management Manual and other guidelines,[44] as well as regulations for financial management of public funds.[45] White papers on

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40 This model should be based on existing literature on results orientation, both theoretical and empirical, adapted to the Norwegian context. This approach is directly inspired by the evaluation of results-based management of UNDP published in 2008.

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41 For more information on theories of change, see for example; https://evaluationcanada.ca/system/files/cjpe-entries/30–2 -119_0.pdf, accessed January 2017.

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42 MFA is responsible for grant scheme rules. Some of these can be found on; https://www.norad.no/tilskudd/sok-stotte/regelverk-for-norads-tilskuddsordninger/ while others can only be accessed through the MFA's intranet.

43 Updated in February 2015.

44 https://www.norad.no/en/toolspublications/publications/2009/results-management-in-norwegian-development-cooperation–a-practical-guide/.

45 www.regjeringen.no/globalassets/upload/fin/vedlegg/okstyring/reglement_for_okonomistyring_i_staten.pdf.

development[46] and budget documents. In addition, board documents may be of interest (also accessed from archives in Oslo), annual reports[47] and other budget documents.

(b) In-depth interviews with key staff. It is expected that a wide array of individuals in different sections, departments in the MFA, Norad, UNDP and a selection of staff from Norwegian civil society organisations will be interviewed. It is expected that interviews are conducted in person in two locations (New York and Oslo).

(c) Focus group discussions with relevant staff from CSOs are undertaken to allow for a broader assessment of different partner effects. To allow for testing the robustness of the data, focus group discussions shall be recorded, transcribed, and analysed using appropriate software.

The analysis shall be grounded in the proposed theory of change for how results orientation contributes to organisational change. It should explain how and why results information is used or not in the organisation.

46 www.norad.no/om-bistand/norsk-utviklingspolitikk/.

47 For example, UNDP's Annual Report of the Administrator and its Annexes from 2012–16. In addition evaluations of UNDP are of interest.

The evaluation team may propose alternative methods that responds to the purpose and objectives in this Terms of Reference in other ways than those laid out above, demonstrating comparable rigour and ability to respond to the evaluation questions.

Phases of the evaluation
The inception phase will include a visit to MFA and Norad headquarters in Oslo, including a mapping of issues mentioned in these Terms of Reference, a review of existing literature on results-based management and an initial mapping of relevant documents and literature. At the end of the inception phase, the evaluation team will prepare an inception report, elaborating on the ToR describing how the evaluation will be carried out, refining and specifying expectations, methodology, roles and responsibility and time frames. The inception report should include a literature review and the proposed theory of change. In addition, all tools that are to be used in data collection shall be submitted.

The implementation phase will include in-depth interviews, focus group discussion, targeted archive searches/other online data bases, and analysis. All archival searches will have to be conducted in Oslo and the evaluation team

should plan for at least two weeks for such searches. Archives are physically placed in two locations and man/-most core documents are likely to be in Norwegian only. Interviews will be conducted in Oslo and New York, while focus group discussions will be conducted in Oslo only.

During the finalisation phase a draft report and draft recommendations will be discussed with the management in the MFA and Norad to allow for feedback before the final report is published and discussed in a public seminar in Oslo.

Deliverables
The deliverables consist of the following outputs:

a) Draft inception report, including all tools. After circulation to the stakeholders, the Evaluation Department will provide feedback

b) Final inception report to be approved by the Evaluation Department

c) Draft report. All underlying data, such as transcripts shall be made available to the Evaluation Department upon request

d) Workshop to discuss the draft, including recommendations with stakeholders

e) Final report not exceeding 50 pages excluding summary and annexes

f) Presentation at a seminar in Oslo

g) Evaluation brief not exceeding four pages.

All reports shall be prepared in accordance with the Evaluation Department's guidelines and shall be submitted in electronic form in accordance with the progress plan specified in the tender documents or in the approved inception report. The Evaluation Department retains the sole rights with respect to distribution, dissemination and publication of the deliverables and all underlying data, including transcripts.

Conduct of evaluation

All parts of the evaluation shall adhere to recognised evaluation principles and the OECD Development Assistance Committee's quality standards for development evaluation, as well as relevant guidelines from the Evaluation Department.

It is expected that the evaluation is carried out according to accepted research and evaluation ethics and the evaluation shall be undertaken with integrity and honesty and ensure inclusiveness of views. The rights, dignity and welfare of participants in the evaluation should be protected. Anonymity and confidentiality of individual informants should be protected unless otherwise is agreed. Ethical considerations shall be documented throughout the evaluation processes.

The evaluation will be managed by the Evaluation Department in Norad. The evaluation team will report to the Evaluation Department through the team leader. The team leader shall be in charge of all deliveries and will report to the Evaluation Department on the team's progress, including any problems that may jeopardise the assignment. The Evaluation Department and the team shall emphasise transparent and open communication with stakeholders. Regular contact between the Evaluation Department, team and stakeholders will allow for discussion of any arising issues and ensuring a participatory process. All decisions concerning the interpretation of this Terms of Reference, and all deliverables are subject to approval by the Evaluation Department.

The team should consult widely with stakeholders pertinent to the assignment. In some evaluations, the Evaluation Department participates to better understand the context of the evaluation. This might also be discussed for this evaluation. Stakeholders will also be asked, by the Evaluation Department, to comment on the draft inception report and the draft final report. In addition, experts or other relevant parties may be invited to comment on reports or specific issues during the process. The evaluation team shall take note of all comments received from stakeholders. Where there are significant divergences of views between the evaluation team and stakeholders, this shall be reflected in the final report. Quality assurance shall be provided by the institution delivering the consultancy services prior to submission of all deliverables. Access to archives and statistics will be facilitated by Norad and stakeholders, however all searches will have to be conducted by the evaluation team.

Annex 2: List of institutions and persons consulted

MFA

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Berit Fladby

Berit Tvete

Christian Syse

Cathrine Andersen

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Norwegian Church Aid

Anne Seland
Norwegian Church Aid

Linda Nordby
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Andrej Viotti
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Norwegian Red Cross

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Norwegian Red Cross

Mari Aasgaard
Norwegian Red Cross

Sheila Padmanabhan
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Annex 3: Hypotheses on the intended and unintended consequences of RBM

Channels through which RBM effects partners	Positive contribution / intended consequences	Negative contribution / unintended consequences
1. Reporting requirements	› **Hypothesis 1.1:** The aid administration's results reporting requirements prompt partners to collect data they would otherwise not have collected. This data helps partners understand better what is working and what is not, and why, which in turn enables them to make better programming decisions (Guijit 2015).[1] › **Hypothesis 1.2:** Having to articulate what results will be achieved and the underlying programme logic as part of meeting the aid administration's RBM requirements, helps Norwegian NGOs and their partners to design better programmes which are better focused on beneficiaries needs and better understand the process of change and how to influence it (Guijit 2015).[2]	› **Hypothesis 1.3:** Partners collect and report data which is not relevant to helping them understand what has changed and why, but only to reporting to the aid administration. This leads excessive amounts of time being spent on reporting, which distracts staff from collecting data that helps them to learn and improve programming. › **Hypothesis 1.4:** Norway based NGOs partners rely on in-country partners with sometimes low capacity for data collection. The aid administration's needs may therefore both induce excessive demands on these in-country partners and also lead the CSOs to focus on meeting aid administration needs rather than managing for results in their relations with their in-country partners. This impacts on the effectiveness of the partnerships (Eyben 2006)[3] (Vähämäki et al 2011).[4] › **Hypothesis 1.5:** RBM is increasingly focused on meeting the aid administration's needs and priorities and ignoring those of the partners, so decreasing ownership of what is implemented through partners. Effectively RBM has encouraged the aid administration to play too strong a role in defining the programme for the partners in Oslo and in partner countries. Implementing agencies in the countries therefore feel that they are not sufficiently vested in the programme and are not responsible for shaping the outcomes (Vähämäki et al 2011).[5]

1 Guijit, I (2015) Playing the rules of the game and other strategies, in Eyben et al the politics of evidence and results in international development, Practical Action, UK.

2 ibid.

3 Eyben (2006) Making relationships matter for aid, Earthscan, UK

4 Vähämäki, J., M. Schmidt and J. Molander (2011). Results Based Management in Development Cooperation: Riksbankens Jubileumsfond.

5 Vähämäki, J., M. Schmidt and J. Molander (2011). Results Based Management in Development Cooperation: Riksbankens Jubileumsfond.

Channels through which RBM effects partners	Positive contribution / intended consequences	Negative contribution / unintended consequences
		› **Hypothesis 1.6:** The aid administration's RBM requirements reduces partner's ability to be flexible and adapt to the local context. Partners are focused on delivering and reporting what is agreed in their results frameworks, rather than evolving activities to the local context. (Valters & Whitty 2017).[6] › **Hypothesis 1.7:** Partners focus on easily achievable output targets rather than a focus on whether outputs delivered have effectively contributed to intended outcomes.[7]
2.Capacity development	› **Hypothesis 2.1:** The aid administration engages with partners to support and incentivise them in strengthening their RBM systems. This capacity support leads to better RBM systems in partners which in turn drives improvements in their organisational effectiveness. › **Hypothesis 2.2:** The aid administration's RBM requirements leads partners to invest in core organisational RBM competencies and systems, which they would otherwise not have done. This strengthens the results focus in partners and strengthen their organisational learning.	› **Hypothesis 2.3:** The aid administration engages with partner to support them in strengthening their RBM systems, but skews partners systems to effectively respond to Norway's reporting needs, rather than the partner's needs. › **Hypothesis 2.4:** Because the aid administration attaches significant financing to the reform of certain business practices, these are prioritised, even if management within the organisation believes others are more important.
3. Performance based funding	› **Hypothesis 3.1:** Partners which can demonstrate impact and show strong performance receive additional resource from the aid administration. This allows them to continue to invest in interventions that work and can scale them up. › **Hypothesis 3.2:** A focus on outcomes, rather than outputs, provides partners with the discretion and scope to be flexible in delivery. This provides greater scope for learning and being adaptive rather than satisfying the aid administrations (CGD 2014.)[8]	› **Hypothesis 3.3:** The setting of targets in a system mainly focused on meeting accountability demands skews the focus of partners to achieving simple and short-term measures rather than on how to maximize contribution to more difficult to measure issues that are possibly more transformative in nature (Smith, 1993[9]; Eyben 2015) › **Hypothesis 3.4:** Performance base funding leads to less innovation and risk taking as partners fear losing funding if they cannot demonstrate positive results (Shutt 2016).[10] › **Hypothesis 3.5:** Because the aid administration funding is based on performance, incentives are created for partners to hide failure. This undermines learning in both the partner and the aid administration and leads to mistakes being repeated.

6 Valters, G & Whitty, B (2017) The politics of the results agenda in DFID: 1997-2017, ODI, UK.

7 In an RBM system focused on measurement and reporting of targets, the measure becomes a target, it ceases to be a good measure. Instead the focus shifts to gaming the target rather than achieving the intended outcome. This is an application of what is often called Goodharts Law.

8 CGD (2014) 12 principles for payment by results, https://assets.publishing. service.gov.uk/media/57a089d2e5274a27b20002a5/clist-dercon-PbR.pdf.

9 Smith, P. 1993. Outcome-related Performance Indicators and Organisational Control in the Public Sector1. British Journal of Management 4 (3):135-151.

10 Shutt, C (2016) Towards an alternative development paradigm, EBA 07, http://eba.se/wp-content/uploads/2016/08/Rapport2016_07_webb.pdf.

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Acronyms

AMOR	Avdeling for Metode og Resultater/-Department for Quality Assurance (Norad)
BCURE	Building Capacity to Use Research Evidence
CASE	Campaign for Science and Engineering
CMI	Chr. Michelsen Institute
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DFØ	Direktoratet for Økonomistyring
DP	Decision Point
EBA	Expert Group for Aid Studies
EiCC	Education in situations of Crisis and Conflict
EIPM	Evidence-Informed Policymaking
EVD	Evaluation Department
EQ	Evaluation Question
GS	Grant Scheme
INGO	International Non-Governmental Organisation
INUS	Insufficient but non-redundant parts of a condition, which is itself unnecessary but sufficient for the occurrence of the effect
IRRF	Integrated Results and Resources Framework
M&E	Monitoring and Evaluation

MFA	Ministry of Foreign Affairs [Norway]
MOPAN	Multilateral Organisation Performance Assessment Network
NCA	Norwegian Church Aid
NICFI	Climate and Forestry Initiative
NPM	New Public Management
NOK	Norwegian Kroner
NORHED	Norwegian Programme for Capacity Development in Higher Education and Research for Development
NPA	Norwegian People's Aid
Norad	Norwegian Agency for Development Cooperation
NorCross	Norwegian Red Cross
ODA	Official Development Assistance
OECS	Organisation for Economic Co-operation and Development
Prop. 1	Proposition 1 (Annual Budget Proposition to the Storting)
PDIA	Problem Driven Iterative Adaption
PTA	Aid administration internal system for tracking what is being funded, how much is being given and what phase grants are in
QA	Quality Assurance

QCA	Qualitative Comparative Analysis
RAG	Red, Amber, Green (rating)
RAM	Resource Allocation Model
RBM	Results-based management
Sida	Swedish International Cooperation Agency
SIVSA	Civil Society Department, Norad
Storting	the Norwegian parliament
ToC	Theory of Change
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNDS	United Nations Development System

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