Norad

Policy for Results-Based Management in Norad

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Results-Based Management in Norad

Results-based management in Norad shall ensure that development assistance makes the greatest possible contribution to the objectives of Norwegian development policy.

Results-based management is a management principle in central government, governed by Section 4 of the Regulations on Financial Management in Central Government. This requires agencies to ensure that objectives are achieved within the limits of available resources and conditions set by the authority responsible. It also requires resources to be used efficiently and in compliance with applicable laws and regulations.[1] The objectives and target groups of Norwegian development cooperation are set by the Norwegian parliament, through the annual budget proposal (Prop. 1 S), white papers, strategies and policies. These are operationalised through grant scheme regulations and annual letters of allocation to Norad. Norad's results-based management takes the full set of political priorities and management directives as its starting point.

In Norad, results-based management involves operationalizing the objectives of Norwegian development policy so that results can be systematically measured, assessed and followed up, and used for management, learning, accountability and communication.

This policy sets out the overarching purposes and principles of results-based management in Norad. It addresses both Norad and its grant recipients, covering Norad's internal use of results-based management and outlining its expectations of grant recipients in this area.

By *results*, we mean the changes brought about by development assistance. These changes may be direct or indirect, positive or negative. Norad is particularly interested in the effects of interventions[2] on target groups and society, beyond the specific outputs they deliver.

[1] The Ministry of Finance. *Regulation on Financial Management in Central Government*, Adopted on 12 December 2003 as amended, most recently on 31 August 2021.

[2] "Intervention" is used as an umbrella term for projects, programmes, funds, earmarked support, core support and mandatory contributions (planned, ongoing or completed).

What is new?

This policy retains much of Norad's existing approach to results-based management, while placing greater emphasis on some elements, less on others, and introducing new ones. The main changes are:

- **Higher priority for management and learning**. Greater emphasis is placed on results-based management supporting strategic choices, both in Norad and among grant recipients.
- Norad has introduced **portfolio management** and places greater emphasis on results-based management across projects.
- Approaches to results-based management shall be more explicitly **adapted to different categories of grant recipients, interventions and levels of analysis**. Norad has higher expectations regarding quantification, attribution and counterfactual measurement for interventions where these are meaningful. In other cases, qualitative methods and establishing a plausible contribution will be more appropriate. **Systematic approaches, transparency and robust methods** are expected across all categories.
- Results shall be systematically considered in relation to costs, to enable **cost-effectiveness** to be assessed and compared. Results are assessed against the cost of achieving them and what else could have been achieved using the same resources.

Purposes of Results-Based Management in Norad

Results-based management serves four main purposes: 1) management and effectiveness, 2) learning, 3) accountability and reporting, and 4) transparency and communication. These purposes apply both to Norad and to grant recipients responsible for implementing interventions.

1. Management and effectiveness

Results-based management shall help ensure that the funds administered by Norad are used as efficiently and effectively as possible to achieve the objectives of Norwegian development policy. By formulating clear objectives, systematically collecting and analysing results information, and using this information in decision-making processes, Norad can more precisely articulate what we seek to achieve, set priorities, establish requirements, follow up grant recipients and ensure that interventions produce the best possible results.

Norad expects grant recipients to have robust systems for results-based management, plan for and monitor progress towards objectives, and actively use results information to develop, manage and improve their interventions.

For results information to inform prioritization, results must, among other things, be considered in relation to the costs of achieving them. (See Annex 2: Cost-Effectiveness).

Results-based management and risk management are closely linked. Results-based management sets direction and ambition, while risk management identifies the uncertainty we must take into account to succeed. Making assumptions and risks explicit makes objectives and priorities more realistic and allows more accurate assessments of expected effects relative to costs. Risk management is not about avoiding risk, but about clarifying it, planning to reduce it and weighing it against expected benefits. Considering results and risks together over time strengthens the quality of management and the ability to adjust course towards established objectives, thereby increasing efficiency and effectiveness.

Particularly important forums and processes for ensuring the use of results for management purposes include annual budget processes, calls for proposals and entering into agreements.

2. Learning

Results-based management shall facilitate continuous learning and improvement. By systematically collecting, analysing and using knowledge about what works and what does not – where, why and for whom – Norad can adjust strategies, approaches and interventions. Learning takes place at individual, team and organizational levels, and supports Norad becoming more evidence-informed and better able to adapt to change.

Norad expects grant recipients to facilitate learning at all levels of their operations. Norad encourages openness about mistakes and challenges as a basis for learning and improving future interventions.

Particularly important forums and processes for learning from results include portfolio analyses, annual meetings, formal reporting and ongoing dialogue with grant recipients.

3. Accountability and reporting

By documenting and reporting on results, resource use and challenges, Norad and grant recipients enable authorities and the public to hold relevant actors accountable for the decisions they make and the resources they manage.

Particularly important forums and processes for ensuring accountability and adequate reporting of results include requirements in calls for proposals, applications and grant agreements, annual meetings, approval of annual and final reports, disbursements, and reporting for Prop. 1 S.

4. Transparency and communication

Results-based management shall ensure that results, experiences and challenges are communicated openly and accessibly, both internally and externally. Transparency about results strengthens trust,

contributes to informed discussions and decisions, and enables other actors to learn from the experiences of Norad and Norad's grant recipients. Effective communication about results also helps demonstrate the value and relevance of development assistance to society, decisionmakers and the public.

Particularly important forums and processes include publication of annual assessments of progress and results of agreements, professional events, and communication in the media and on Norad's website.

Principles for Results-Based Management in Norad

Norad's five principles for results-based management:

1. Seek out and use results information
2. Adapt the approach
3. Assess alternatives
4. Accept uncertainty
5. Emphasize sustainable results

1. Seek out and use results information

Norad shall request results information and actively use it in decision-making. We shall foster a culture in which everyone, from case officers and managers in Norad to grant recipients, recognizes the value of collecting, analysing and using information about results to make better choices, learn from mistakes and adapt projects during implementation.

Grant recipients' results reporting is one of Norad's most important sources of results information. Results-based management in Norad and among its grant recipients shall draw on a broad range of knowledge, including monitoring data, evaluations, research, external data, field visits and technical dialogue. Analysing and combining different sources of information is important for assessing what is being achieved and why.

Norad shall balance the recognition of grant recipients' technical expertise with the need for systematic use of data and research-based evidence, including evaluations and other relevant knowledge products based on robust methods. This means that Norad shall continue to draw on grant recipients' experience and professional judgement, while also requesting clear justifications for proposed approaches. Dialogue with grant recipients shall include an explicit assessment of the evidence base: what we know, what we do not know, and the risks arising from this. Through dialogue, Norad and grant recipients shall identify when new knowledge is needed and which questions should be examined.

Norad shall request results information in a manner proportionate to the intervention's materiality and risk, taking account of the burden that reporting and measurement may place on grant recipients and target groups.

Generally, Norad shall prioritize support for *organizations* with well-functioning results-based management systems, and *interventions* with documented positive results in relevant contexts. In some cases, however, there may be reasons to depart from this general rule. For example:

- Deliberately prioritizing potentially transformative interventions that involve substantial uncertainty and risk but offer large expected benefits if successful.
- Supporting innovative interventions. These should have a well-founded theory of change and a robust plan for collecting and using results information, including impact evaluations where appropriate.
- Giving weight to local ownership, which may favour supporting local actors whose results-based management systems are weaker than those often found among large international development assistance actors.

The emphasis on robust documentation of results does not mean that interventions whose results are easier to measure and isolate shall automatically be prioritized over those whose results are more difficult to measure. Results information does not need to be quantified or supported by an impact evaluation to be considered credible. Credible results reporting can, among other approaches, use robust qualitative or mixed methods such as contribution analysis, process tracing, rubrics, or modelling and estimation.

Subject to these clarifications, an absence of credible results information from a grant recipient shall have the same consequences for future funding decisions as a lack of results.

2. Adapt the approach

The approach to results-based management shall be adapted to the type of intervention, the grant recipient and the level of analysis. In all cases, Norad shall use systematic, transparent and consistently applied approaches to assessing results and associated costs.

Type of intervention: The nature and complexity of an intervention influences how results-based management should be organized.

Projects delivering specific goods and services directly to the target group can be expected, to a greater extent, to quantify changes and attribute them to the project through counterfactual measurement. Complex, long-term interventions aimed at capacity building or policy reforms often require adaptive results management methods and more qualitative, but still systematic, assessments.

The scope and design of monitoring, evaluation, research and learning (MERL) should also reflect the strength of the existing evidence base behind an intervention.

Level of analysis: Results-based management must also be adapted to the level at which analysis takes place, whether at project, programme, portfolio or sector level. At project and programme level, it may often be possible to attribute changes in the target group to the intervention. At higher levels, such

as portfolio or sector level, results-based management will involve aggregating or synthesizing results across numerous programmes and grant recipients, analysing relationships and assessing broader effects, where attribution is more difficult and uncertainty greater. In portfolio analyses, establishing a plausible contribution - whether and how Norad and grant recipients have contributed to changes - will usually be the most meaningful approach. When results are achieved through interaction among several actors, Norad shall be clear about the type of results information requested and used: whether it concerns collective results (the overall results to which several actors have contributed), or Norad's or the grant recipient's share of, or contribution to, those results.

***Type of grant recipient*:** Norad works with different types of grant recipients, and the approach to results-based management must be adapted accordingly. For example:

- Multilateral organizations have MERL-systems and reporting procedures linked to their global mandates. Norad can influence these overarching systems, rather than the methods used in each individual intervention. Through technical advice and participation in governing boards, Norad can influence how results-based management is designed and implemented. Norad's specialist technical expertise is central to this. Norad should set clear requirements for transparency and promote evidence-informed interventions. Thematic initiatives through funds and financing mechanisms associated with multilateral organizations are not subject to decisions made by those organizations' governing boards and must be followed up directly.
- Non-governmental organizations (civil society organizations and private actors) vary considerably in their capacity and experience in results-based management. Some have advanced systems, while smaller organizations often have simpler procedures. Here, Norad has greater scope to influence practice directly through reporting requirements, guidance, capacity building and dialogue on adapting methods and indicators to context and capacity.
- Norwegian government institutions: The use of theories of change and results measurement is required for grant agreements between Norad and Norwegian government institutions. However, no such requirements apply to similar institutional cooperation managed through intra-governmental agreements, which are common under the Knowledge Bank (Kunnskapsbanken). From 2026, engagements with Norwegian government entities shall, generally, be subject to requirements for theories of change and results measurement regardless of agreement type. Requirements shall be adapted to the phase and scope of the Norwegian government entity's engagement.

3. Assess alternatives

When Norad considers how to spend development assistance, we must compare several possible solutions before deciding what and whom to support. From a results-based management perspective, the purpose is to identify the interventions and channels that produce the greatest possible effects with the resources available. Many interventions may produce positive results, but they cannot all be equally good when compared systematically.

Assessing alternatives therefore means analysing different courses of action side by side and determining which creates the greatest value for the target group. For Norad, these assessments will generally take place within a single sector, portfolio, budget line or call for proposals.

For Norad's grant recipients, assessments of alternatives will often take place within the framework of an existing programme or project. It is important, however, to also conduct broader assessments comparing different types of projects or approaches.

4. Accept uncertainty

It is not possible to obtain complete and accurate information about every aspect of a complex context or complex processes of change. Uncertainty must therefore be accepted, and modelling, estimates, probability assessments and simplifications used where necessary. It is important to be transparent about assumptions and uncertainty and actively take uncertainty into account in analyses and decision-making.

Adaptive management is central to Norad's approach to results-based management for handling uncertainty over time, at both portfolio and agreement levels. Flexibility and continuous adaptation in response to new information are core elements. This is not about changing objectives during implementation, but about changing the path towards them in response to changes in context or new knowledge, including results information. Being comfortable with uncertainty creates space to test new solutions, learn during implementation and continually improve both interventions and the way results are measured.

5. Emphasize sustainable results

Norwegian development assistance shall both contribute to long-term, sustainable societal change and meet urgent needs.

In Norad's results-based management, sustainability means the extent to which positive results last after grants have ended. Analyses of results shall assess whether an intervention supports lasting change. This includes examining its local ownership, relevance and legitimacy among the target group; whether results are embedded in lasting structures; and whether the intervention establishes or strengthens systems that can sustain change over time.

When comparing alternatives, Norad should be explicit about the time horizon used and how the assessment might change if that horizon were extended or shortened. Where relevant and feasible, Norad and grant recipients should also plan follow-up and evaluations that capture results after interventions have ended.

Annex 1: Definitions

Clarification of terminology

Two sets of terms in results-based management are particularly prone to misunderstanding, especially when translating between Norwegian and English:

1. Impact, impacts and impact evaluation

Impact and *impacts* are sometimes used to refer to a particular level in a results chain—long-term or societal effects—and sometimes as synonyms for effects or results, regardless of the level in the results chain. *Impacts*, in the plural, shall be used only for long-term or societal effects.

An *impact evaluation* is an evaluation method that quantifies the effects of an intervention using counterfactual analysis through experimental or quasi-experimental methods. It normally measures outcomes, rather than impacts. The Norwegian term for such evaluations is *effektevaluering*. The term *impact evaluation* is sometimes also used more loosely for all types of evaluations that seek to assess the causal effects of an intervention, including through qualitative methods. This is not how Norad uses the term.

2. Kostnadseffektivitet, cost-efficiency and cost-effectiveness

The English term *cost-effectiveness* and the Norwegian term *kostnadseffektivitet* sound confusingly similar, but do not mean the same thing. In Norwegian, *kostnadseffektivitet* normally refers to the extent to which resources (inputs) are converted into outputs without waste: is it possible to deliver the same outputs at a lower cost? In English, this is referred to as *cost-efficiency*.

Cost-effectiveness, by contrast, addresses the broader question of whether greater outcomes could be achieved with the same resources by delivering something different. The question is not "merely" whether one can obtain more textbooks of the same quality (cost-efficiency or *kostnadseffektivitet*), but also whether more textbooks, more teachers or different educational content would generate the most learning for the available resources. There is no satisfactory Norwegian term that captures the exact same meaning. Norad translates it as *effekt per krone*, but recommends using the English term *cost-effectiveness* in everyday usage.

Cost-effectiveness depends on cost-efficiency, but a programme with high cost-efficiency may still have low cost-effectiveness if it does not bring about any change for the target group.

Term (Norwegian)	Definition (Norwegian)	Term (English)	Definition (English)
Effekt per krone	Endring i målgruppeeffekt (outcome) sammenliknet med endringen som ville skjedd uten tiltaket, per krone brukt på tiltaket. Kortversjon: effekt per krone; forholdet mellom kostnader og målgruppeffekter.	Cost-effectiveness	Degree of change in the outcome compared to how much it would have changed without the intervention, per krone invested in the intervention. In short: *Effect per krone*. The relationship between costs and outcomes.
Kostnadseffektivitet	Forholdet mellom kostnader og leveranser.	Cost efficiency	The relationship between costs and outputs.
Effektevaluering	En evalueringsmetode der man kvantifiserer effekter av en intervensjon ved hjelp av kontrafaktisk analyse. Normalt er det målgruppeeffekter (outcomes) og ikke samfunnseffekter (impacts) som måles.	Impact evaluation	An evaluation method in which the effects of an intervention are quantified using counterfactual analysis. Typically, it measures outcomes and not impacts.
Impacts (Langsiktige effekter)	Effekter på et høyere nivå eller lang sikt; ofte effekter på samfunn eller miljø.	Impacts	Higher-level effects or longer-term changes resulting from an intervention's outcomes; often effects on society/environment.
Indikator	Variabel som brukes til å følge utviklingen over tid og vurdere graden av resultatoppnåelse. Indikatorer kan være kvantitative eller kvalitative. De bør kunne deles opp når det er relevant og mulig.	Indicators	Variables used to track progress over time and assess/measure the degree of achievement of results. Indicators can be quantitative or qualitative. They should allow for disaggregation when appropriate and possible.
Outcomes (Målgruppeeffekter)	Effekter av leveransene på målgruppen, på kort- og mellomlangsikt.	Outcomes	Short and medium-term effects of the outputs on the target group.
Outputs (Leveranser)	Produkter og tjenester som leveres i prosjektet.	Outputs	Products and services delivered within the project.
Portefølje	En samling tiltak som bidrar til et felles sett med mål, basert på en felles underliggende logikk.	Portfolio	A collection of interventions that contribute to a common set of objectives, based on a common underlying logic.
Resultater	Endringer et tiltak har forårsaket eller bidratt til (endringene som har skjedd, sammenliknet med hva som ville ha skjedd uten tiltaket). Resultater kan være positive og negative, intenderte og uintenderte. Deles ofte inn i ulike resultatnivåer i en resultatkjede: outputs (leveranser), outcomes (målgruppeeffekter) og impacts (langtidseffekter).	Results	The changes that an intervention has caused or contributed to. (What happened, compared to what would have happened without the intervention). Results can be positive or negative, intended or unintended. They are often structured in a results chain of outputs, outcomes, and impacts.

Annex 2: Cost-Effectiveness: Overarching Principles

Aid effectiveness concerns the extent to which development assistance contributes to development objectives, as well as how development aid is financed, organized, and managed to achieve the best possible and lasting results. Systematic assessments of the relationship between costs and results are one important component of ensuring aid effectiveness.

> **Cost-effectiveness** is defined as the change in an outcome compared with how it would have changed without the intervention, per krone spent on the intervention. In short: the relationship between costs and outcomes.

Cost-effectiveness evidence can help decisionmakers compare alternatives and strengthen the basis for prioritization. It is relevant to all uses of development assistance funding. However, the extent to which – and how – assessing cost-effectiveness is feasible and useful depends on the specific decision-making situation.

Where robust cost-effectiveness evidence exists for relevant objectives and interventions, Norad and grant recipients shall use it actively.

In many areas of development assistance, such as national reforms and capacity building, cost-effectiveness is difficult to measure precisely. In such areas, Norad and grant recipients should apply *cost-effectiveness thinking*: a structured assessment of the results different interventions could plausibly achieve, their likely costs, and how they compare with relevant alternatives.

Norad shall ensure that cost-effectiveness assessments are not conducted in ways that systematically favour interventions with short time horizons, easily measurable outcomes or narrowly defined outputs at the expense of more systems-oriented or institution-building interventions with high expected value over time. Systematic cost-effectiveness thinking can also strengthen the basis for such decisions.

Norad shall assess whether grant recipients have sound systems and practices for using evidence on costs and results to inform their programming. Norad shall also actively encourage grant recipients to strengthen this work.

In calls for proposals, where appropriate and where the evidence base is sufficient, Norad should identify the types of approaches that have demonstrated high cost-effectiveness, along with the key assumptions and uncertainties involved. Applicants should build on well-documented approaches or explain why alternative approaches are expected to be more cost-effective in the specific context.

Evidence, learning, and cost-effectiveness assessments shall form part of the ongoing dialogue with grant recipients.[3]

1. Cost-effectiveness is assessed for specific objectives and target groups

Cost-effectiveness assessments are not used to prioritize one sector, societal objective, or target population over another. They take as their starting point a defined outcome for a defined target group, and examine which approaches achieve the best possible results for the available resources within these parameters.

Cost-effectiveness is not about choosing the cheapest intervention, nor about merely maximizing activity or output.

2. Cost-effectiveness is always comparative

Cost-effectiveness shall be understood as a comparative basis for decision-making. The question is not whether an intervention is effective at achieving an objective, but how it compares with other relevant ways of achieving the same objective.[4]

Small differences in estimated cost-effectiveness should normally not be given decisive weight, as uncertainty is often substantial.

3. Context is crucial

Evidence on cost-effectiveness cannot be transferred directly from one context to another. Cost-effectiveness assessments need to combine global evidence with context-specific analyses of needs and feasibility. Cost levels, institutional conditions, local ownership and other contextual factors affect both costs and results.[5]

Norad's grant recipients shall take national and local needs and priorities as their starting point when designing programmes, and use relevant existing evidence on cost-effectiveness to assess alternative approaches. These assessments shall take account of the specific context and be conducted in dialogue with local actors.

When Norad assesses how cost-effectiveness evidence is used in applications or by grant recipients, it shall consider how context-specific factors are taken into account.

4. Use existing evidence on cost-effectiveness, and generate new evidence when necessary

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[3] The specific requirements applicable to each call for proposals and grant agreement are set out in the call text and the agreement.

[4] Comparisons across programs and contexts can be challenging but can be made by grouping and comparing interventions with the same objectives, target populations, or type of approach. For interventions with multiple objectives and interrelated areas of work, cost-effectiveness should be assessed separately for each outcome. An intervention will often contribute to several outcomes, and interactions, dependencies, and synergies are central to the overall assessment.

[5] In some sectors, such as health and education, certain interventions have demonstrated high cost-effectiveness relative to alternatives across many countries. Even for these interventions, however, it is critical to assess their relevance in each context and how implementation can best be adapted to local conditions.

Cost-effectiveness assessments shall be based on relevant and credible information on both results and costs. Where a sound and relevant evidence base already exists, it should be used actively.

Evidence syntheses are particularly useful for assessing cost-effectiveness when they bring together evidence on both effects and costs across studies. A synthesis that assesses evidence from multiple impact evaluations normally provides a more robust, reliable, and usable evidence base than individual impact evaluations.

Where the evidence base is weak or approaches are new, it may be necessary to generate new evidence on cost-effectiveness. Such investments shall be proportionate to the significance of the decision, the degree of uncertainty, and the expected value of the new evidence.

Many development assistance interventions are difficult to evaluate using impact evaluation methods. Interventions shall not be rejected solely because evidence from impact evaluations is lacking. In such cases, systematic cost-effectiveness thinking can strengthen the basis for decision-making.

5. Cost-effectiveness is not the only consideration

Cost-effectiveness is an important part of the basis for Norad's grant decisions, but it is far from the only relevant consideration. Norad shall also give weight to other factors, including the preferences of national authorities and local grant recipients, cross-cutting considerations, and humanitarian principles.

In humanitarian contexts, it will be particularly important to assess alternatives in light of access, risk[6], protection, and urgency/time-efficiency[7].

[6] This may include risks of unintended negative consequences, weakened protection, exclusion, effects that exacerbate conflict, or reduced humanitarian access.

[7] Time-efficiency refers to interventions for which timing is a significant consideration and the costs of not acting are judged to outweigh the potential risks of acting on the basis of limited existing cost-effectiveness evidence. This will typically apply to humanitarian needs and contexts characterized by critical needs and rapid change.



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