

Final

EVALUTION OF FK NORWAY'S PRIVATE SECTOR DEVELOPMENT PROGRAM 2001-2013



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”Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it’s the only thing that ever has“.

Margaret Mead, 1969

FOREWORD

This evaluation has been carried out by Claes Lindahl and Julie Lindahl Catterson Lindahl during the latter part of 2013. We thank FK Norway for giving us the opportunity to undertake this assignment, and all the FK partners and participants in Norway, Tanzania and elsewhere who made the work possible by responding to our many questions.

Stockholm, December 15, 2013

LIST OF ACCRONYMS

ABF	Agri Business Forum
BEEP	Business Experience Exchange Program
CBO	Community based organizations
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DEEC	Dalian Energy Efficiency Center
ENSI	Energy Saving International
FINCA	Foundation for International Community Assistance
FK	Fredskorpset
ICT	Information and Communication Technology
KATI	Kizimbani Agricultural Training Institute in Zanzibar
LDC	Least Developed Countries
MFI	Micro-finance institutions
MMfP	Mara Micro-finance Programme
MWDA	Mwanza Women Development Association
Norad	Norwegian Agency for Development Co-operation
NGO	Non-Government Organization
NHO	Confederation of Norwegian Enterprises
NOK	Norwegian Crowns
NS	North-South (exchange)
ODA	Official Development Assistance
PRIDE	Promotion of Rural Initiatives and Development Enterprises
PSD	Private Sector Development
SS	South-South (exchange)
TAHEA	Tanzania Home Economics Association
TMF	Tujjenge Micro-finance Limited
ToC	Theory of Change
ToR	Terms of Reference
SEF	Small Enterprises Foundation
SF	Strømme Foundation
SJH	Sogn Jord- og Hagebruksskule
SME	Small and Medium Enterprises
UMB	Norwegian University of Life Science
YOSEFO	Youth Self Employment Foundation

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EXECUTIVE SUMMARY

FK Norway: A Potentially Unique Brand for Norwegian ODA

Since 2000 FK Norway has been pursuing collaboration with the private sector to bring about North-South and South-South exchanges of know-how, skills and experiences. In 2009 it shifted its vision from its previously existing goal of:

contributing to increased contact and collaboration between individuals and institutions in Norway and in countries in Africa, Asia and Latin America and contribute to development,

to the more ambitious goal of:

fostering leadership for global justice, creating change on the ground and in our minds.

At 50 years of age and in its new incarnation, FK represents a potentially unique form of development assistance globally. There are no other programs in the world that compare precisely to it, and few that stand on such a long tradition of commitment to the idea of how exchanges of young people can benefit the world. Standing at 0.7 percent of Norwegian Official Development Assistance (ODA) and 1.5 percent of Norwegian ODA to Private Sector Development (PSD), it constitutes a small but potentially valuable brand of Norwegian aid associated with youth and human rights.

This evaluation shows that the above shift in goals is timely in a global context, including from a private sector perspective. However, it also shows that it is simultaneously challenging, and that, without careful navigation, FK runs the risk of falling back to more traditional goals of development co-operation and the private sector, such as economic growth and employment, threatening the uniqueness and effectiveness of the FK Norway program. This is particularly so as FK Norway, in line with stated Norwegian government policy, intends to continue to increase its engagement with the private sector in terms of projects, which has already grown from 15 percent of its portfolio during 2006-2010 to 25 percent in 2013.

The Evaluation Approach

In agreement with FK Norway, the evaluation examined 15 projects in the FK Tanzania portfolio and 6 additional projects of particular interest as examples of new collaborations in other countries (together amounting to 30 percent of FK Norway's PSD portfolio, 2001-2013). Field work was undertaken in Tanzania and a workshop held in Dar-es-Salaam, including representatives from partner institutions and exchange participants. The framework for examining these projects was FK Norway's Theory of Change which posits the desire for change on the ground (capacity building, skills and knowledge development), and change in the mind (values, advocacy for global equity and justice) at individual, institutional and society levels. This framework was also applied in interviews with current and former participants. In order to gain

insights into FK's interaction with companies, the evaluation participated in a two-day FK Introduction seminar in Oslo for potential partner institutions exploring collaboration at the feasibility phase, and also ran a half-day workshop for FK staff focusing on FK's interaction with business. FK documents, including applications, feasibility studies, collaboration agreements, mid-term reviews and narrative reporting by the partners of the outcome of the exchange, were examined, as were documents from the Royal Norwegian Ministry of Foreign Affairs, including government policy on PSD and FK's annual reporting.

Summary of Findings: Change on the ground, but an increasing gap between the vision and the projects

An initial examination of the projects revealed the following overall profile:

- One third of all organizations in the selected pool of projects are not commercial enterprises.
- There is an emphasis on SMEs with companies with less than 10 employees dominating.
- Collaborations with large companies are dominated by development consulting companies and their subsidiaries.
- Agriculture and ICT (Information and Communication Technology) are the dominant sectors.
- 25 percent of feasibility stage projects do not lead to actual exchanges.

In terms of impact, certain common patterns could be identified among Tanzanian and non-Tanzanian projects.

Impact on individuals

Based on interviews with participants, impact was consistently high. Participants reported improvements in skills and know-how which they believe will or have already significantly improved their own career prospects. Of even greater interest, and in relation to FK's vision, they reported 'changes in the mind' which they believe they will or have already pursued in a concrete way following the exchanges. Examples of issue areas where change of mind and strengthening of values in relation to human rights has taken place include gender issues, gay and lesbian rights, disabled rights, child rights, working conditions and environmental sustainability, among others. This type of change proves to be particularly strong and resilient, as even in cases where a partner company collapsed, a frequent occurrence among small Tanzanian partners, participants reported important and lasting progress at a personal level.

At the same time as they were positive about their experiences, they also expressed their concern about the lack of communication and follow-up with FK Norway after the end of their two-week preparation course, which almost all consistently praised. A number felt that certain critical problems in the exchanges could have been avoided in this way, and that greater opportunities in relation to FK's vision could have been grasped.

Impact on institutions

Institutions consistently reported critical improvements in skills and know-how as a result of the exchanges. However, questions about the impact on organizational values largely drew a blank, and therefore the evaluation concludes that among the pool of selected projects the impact on ‘change of the mind’ at institutional level is weak. This can to a great extent be attributed to the reporting requirements for the projects, which do not relate project achievements to FK Norway’s overall goals concerning human rights, peace and justice. Questions have been raised about financial transparency in some projects, reinforcing the point that the relationship of projects to institutional values needs considerable strengthening.

FK Norway is to be credited with taking the risk to support new partnerships with the potential to achieve important and socially valuable innovation. However, it should beware of the risk of over-support to the extent of creating market distortions. FK’s portfolio includes examples of funding which are over 10 times the EU norms for maximum state subsidies. In its support to partnerships between larger companies and their subsidiaries, FK should also beware that it does not fall into the trap of providing ‘corporate welfare,’ thus minimizing opportunities to make a real difference elsewhere.

Impact on society

The impact at this level is difficult to trace as a result of the many external factors which can also play a role in encouraging change at the level of the society. This is also true for employment creation and economic growth which it would be wrong to trace to single or even groups of exchanges. Furthermore, the impact in so far as FK’s greater vision is made all the more difficult to decipher as human rights are not built into FK’s approach to monitoring its projects. While some leads to deciphering what happens at the society level have been provided by participants in their interviews, FK has shifted the focus of its attentions so significantly to the institutional level, that the importance of what happens at individual level to the society gets lost. The difficulty the evaluation faces in commenting on impact at this level to a great extent reflects the gap between FK’s higher objectives and its project management. The increasingly one-sided approach to institutional development poses problems for higher level evaluation.

Conclusions and Recommendations: Strategies for closing the gap

The conclusions and recommendations of the report focus on the need to avoid an unconscious drift away from FK’s worthy and timely overall goal of promoting leadership for global justice, and rather maximize its value overall as a unique instrument of Norwegian ODA. Our recommendations are:

1. Contextualize FK Norway’s approach in contemporary theory

FK Norway’s approach to business is in keeping with the overall trend by the public sector to see the private sector not just as a revenue-generating engine, but also as a force of change in

society well beyond the generation of profits. In order for an expanded and more mutually beneficial collaboration between FK and business to emerge, FK must be able to explain its vision in relation to the goals of the private sector and place it in contemporary theory. Dimensions of this contextualization could include, among others:

- a. the relationship between economic development and peace/justice/human rights;
- b. the shift from competitive to collaborative models and best practices in these;
- c. developments in Corporate Social Responsibility and Ethics, a field which the FK has already committed itself to engaging more with, but which in practice to date it has done fairly little;
- d. global awareness of the need for change agents and how their roles can be supported, a field in which FK has an impressive repository of experience.

2. Improve the quality of the FK portfolio relative to goals

Various measures can be adopted to bring greater alignment between FK goals and its business portfolio, not least by recognizing that FK's strength is in the creation of change agents in the form of individuals. These include:

- a. Increasing risk-taking for start-ups and social entrepreneurs while enforcing a strict zero-tolerance policy for corruption;
- b. Focus on businesses expressing an ambitious and innovative approach to social and environmental responsibility and thereby inspire companies which may be less responsibly minded;
- c. Become a more visible and active partner with Norwegian aid programs with active links to the private sector in the North and the South;
- d. Partly de-link FK from a traditional aid focus, allowing it to reach out to the most innovative actors on the frontiers of change.

3. Refocus the approach to business in relation to key objectives

Undertake a strategic refocusing of how FK Norway communicates with business. This is urgent in order to increase FK Norway's standing and to make it recognizable as a relevant actor among companies.

- a. Drawing upon the results of the contextualization process (see point 1), develop a 'theory' for explaining FK Norway's relevance to business.
- b. Develop a communications strategy including key points to be communicated to business.
- c. Decide upon the most effective vehicles for communicating these messages and identify sub-target groups for reaching businesses.

4. Expand and improve monitoring and follow-up to maximize impact and increase the standing of the FK program

These include measures for increasing the flow of information to and from FK's change agents, the participants.

- a. Create mechanisms for connecting with the participants during the exchanges, supporting them in their change agent role as well as providing extra quality assurance for FK supported projects.
- b. Create an 'academy' for learning and strengthening participants in their change agent role. This measure would balance out the heavy front-end capacity building of individuals through the training and provide much needed follow-up, learning and continued capacity building after the exchanges. The report lays out steps for achieving such an academy.

5. Professionalize in-house results management and relate indicators to overriding objectives.

Measuring results in relation to FK's goals is not an easy task and one that requires professionalization and innovation. A number of measures are suggested to this end.

- a. Establish one-person in-house evaluation unit;
- b. Move from a fragmented filing system to a more efficient project-focused system;
- c. Establish relevant indicators, remembering that indicators relevant for traditional aid may not be relevant in the FK case;
- d. Measure 21st century skills which reflect 'mind change';
- e. Take into account that development is not linear and incorporate unexpected results into results management;
- f. Professionalize the use of narrative in results management so that there is a mechanism of theorizing from the stories of participants in a professional manner.

6. Facilitate a better collaboration with businesses during the exchanges.

These measures are designed to improve the quality of the collaboration from a business perspective.

- a. Provide companies with guidelines of how to vet participants so that companies end up with the best suited participants for the exchanges. This also has the side-effect of increasing the standing of the program and making it more desirable from a participant perspective.
- b. Facilitate greater clarity and ease concerning time-consuming practical aspects of the collaboration such as taxation and accounting, among other issues.

7. Shift focus from sector and company size to becoming a highly attractive partner for the business community in general

This final recommendation addresses an issue raised by the ToR for the evaluation concerning sectors and company sizes which FK should be focusing on. For various reasons explained in the evaluation we conclude that FK Norway should remain as open as possible,

focusing more on the above points and improving its quality, status, relevance and visibility to business overall.

1. INTRODUCTION

FK Norway, which is an integral part of the Norwegian Official Development Assistance (ODA) operates a specialized form of support through funding of exchange of persons under the age of 35 between organizations in Norway and in developing countries (North-South exchanges) and, to a minor extent, between organizations in different developing countries in the South (South-South exchanges). There is also a FK Youth programme with participants between the age of 18-25. Exchange of persons in companies and other forms of business-related organizations is defined as private sector development (PSD) and is a priority for FK. Such PSD support has accounted for about 15% of FK's operations 2001-2013. In the total Norwegian ODA, FK accounts for only about 0.7%.¹ At the same time, the FK program is a unique form of development co-operation not only in Norway, but probably globally. While the FK program has shared ideological beginnings with the American Peace Corps, it has developed its own unique model. This report is the result of an evaluation of FK Norway's PSD operations between 2001 and 2013.

1.1 Purpose of the review

According to the Terms of Reference (ToR), the objectives of the evaluation are:

- To map, document and make a synthesis of results accumulated over time from FK's projects within private sector development.
- Based on the findings, identify if there is any type of actors (field of work, size of company, etc.) where exchange of personnel is particularly well suited for achieving positive results.
- To learn from the experiences, from both successes and failures.

Furthermore, the ToR stipulate that:

- the consultant should focus on results on outcome level, and if possible also identify results on impact level;
- results should be explored on individual, institutional and community level;
- results achieved in developing countries, as well as in Norway, should be explored and documented; and
- an approach where results both "on the ground" and "in the minds" are reflected, seeing the two as integrated aspects, in line with FK's Theory of Change (ToC), is desired.

For details of the ToR, see Annex 1.

¹ The total Norwegian ODA 2013 is about NOK 30 billion

1.2 Methodology

The evaluation has been carried out between June and October 2013. It is based on the following means of investigation:

- A portfolio review of 75 projects identified by FK Norway as private sector development² carried out 2001-2013, some of which that will be ongoing up until 2016. They include both North-South (NS) and South-South (SS) exchanges, and also projects which only was a feasibility study.³ For details, see annex 2.
- A review of all PSD projects involving Tanzania (15 projects). Tanzania was chosen jointly by FK and us as case country as it has more FK PSD projects than any other country in the South. The evaluation included a visit to Tanzania for personal interviews with Tanzanian partners and participants in the exchange. A narrative summary of each of these 15 projects and their outcome is provided in annex 3.
- A review of six North-South projects deemed by FK to be of particular interest with a focus on Information and Communication Technology (ICT). A narrative summary of these projects and their outcome is provided in annex 4.
- An institutional analysis covering FK Norway's goal formulation, the methodology for exchange including preparation courses, its Theory of Change, FK's results-based management system and the overall operation and supervision of its portfolio. This institutional analysis has been based on documents of policy and more general character provided by FK or available on FK's web-site; in-depth interviews in Oslo with FK staff and individuals in other related Norwegian public offices such as the Ministry of Foreign Affairs, the Information Office for Private Sector Development (*Veiledningskontoret*), the Confederation of Norwegian Enterprises (NHO) and perspectives from executives for leading businesses including Ernst & Young and Accenture. The evaluation participated in a two-day FK Norway preparation seminar for businesses and facilitated an internal workshop with FK staff concerning FK Norway's interaction with business.

Sources of information

The sources of information for the evaluation concerning the PSD projects are the following:

- Some 400+ FK's documents for the PSD projects in the portfolio, including applications, feasibility studies, collaboration agreements, mid-term reviews and narrative reporting by the partners of the outcome of the exchange.
- Documents provided by the Ministry of Foreign Affairs including recent examples of FK annual reporting and a document concerning the Ministry's stance on private sector development.
- Interviews with partners and participants for the reviewed projects in person (Tanzania), by telephone and/or by Skype. Both Skype and personal interviews lasted 30-45 minutes and followed the same overall structure.

² Classified in DAC's Creditor Reporting System as PSD or agriculture

³ The portfolio also a few projects which were aborted before the feasibility study was completed.

- A half-day focus group discussion with 15 partners and participants was carried out during the Tanzanian visit, also involving FK staff from Norway and Uganda.
- A half-day internal workshop with 12 FK staff using an interactive approach for exploring the way in which FK interacts with companies and would like to develop this interaction. See Annex 5 for outline of approach and results.

At the outset of the evaluation, an E-survey was considered as an element of the information gathering. As FK was planning to carry out its regular bi-annual survey (using e-mail) with all FK participants at the same time as the evaluation was taking place, it was agreed not to duplicate this survey. The results from the survey, when fully analyzed, would be a useful complement to this evaluation.

Reliability and validity

Out of 75 PSD projects in the FK portfolio 2001-2013, we have reviewed in detail 21 projects (all 15 PSD projects in Tanzania and 6 selected other projects) agreed in consultation with FK. It should be noted that this selection, while constituting about 30% of the total portfolio, is not a representative sample for the PSD portfolio, but chosen to provide an in-depth assessment of FK's activities in FK's historically most important country, complemented with mainly some ICT projects regarded as successful.⁴

Performance measures

As elaborated below, in 2009 FK formulated a new strategy for its work in general, which also included a new formulation of its overriding objective (within the Government's mandate for FK) and based this on an explicit Theory of Change. We have used this goal formulation throughout the evaluation also for FK's portfolio which is older than 2009. A justification for this is that the Government's instruction and mandate to FK has not been changed since 2000, and there is a direct link between the 2010 strategy and this instruction.

⁴ In total about 30 participants in the selected projects were interviewed. All the participants were approached by e-mail for an interview. A large percent of these e-mails bounced, or were left unanswered. For example, of 49 participants in Tanzania, a third of the e-mails bounced or the participant had no e-mail address, another third were not answered in spite of repeated e-mails, while a third responded. Eventually 14 participants could be interviewed, i.e. about 30% of the total number of participants in Tanzania. As e-mail addresses are the only contact details maintained by FK, no other means to find the participants were used by us. Companies which we failed to establish a contact with were mainly those participating early in the new FK Norway, hence contact persons had retired or left the company. Also there was an overrepresentation of Southern partners among the non-respondents, partly as some companies had ceased to exist.

2. BACKGROUND

2.1 The origin of FK Norway

FK Norway is an institution within the Norwegian architecture for development assistance, celebrating its 50th birthday in 2013. Fredskorpset was inspired by and created in parallel to the US Peace Corps and other overseas volunteer programs established in the late 1950s and early 1960s⁵. It was also influenced by the Norwegian world-leading peace and conflict researcher Johan Galtung. Norway's role in peace negotiations, as the host of the Nobel prize award and as the nation providing the first Secretary General of the United Nations⁶, might have been contributing factors for the establishment and maintenance of the organization. A re-molding of Fredskorpset in 1999- 2000 created the current structure of work, based on reciprocal exchange and with a focus on institutions as vehicle for the exchange. In 2009 a major organizational change took place as FK's status as an independent authority with its own board was altered. The board was dissolved and FK was placed directly under the Ministry of Foreign Affairs.

2.2 The purpose and objective of FK

FK's mandate and overriding objective is – in the context of the purpose of Norwegian development co-operation - *to promote a world based on the recognition of fundamental human rights with young people as a special target group*. This has been the official objective from the beginning of the new FK in 2000, reiterated in FK's instructions by the Government from that year.

Up until 2009 FK formulated its corporate objective as:

Contribute to increased contact and collaboration between individuals and institutions in Norway and in countries in Africa, Asia and Latin America and contribute to development. FK Norway also sees it as important to use its mandate to bring about change in Norwegian society, share experiences and create enthusiasm and understanding for co-operation with institutions and people in Africa, Asia and Latin America.⁷

A significant reformulation of FK's overriding objective (still within the overall objective of the Norwegian aid policy) took place in the context of FK's strategy formulation process for 2010 – 2014. Thus, FK Norway now formulates its vision as: *Fostering leadership for global justice, creating change on the ground and in our minds*. Global justice is, according to FK, the ultimate goal of the organization, and exchange is about inspiring institutions and individuals to act in front, to lead the way with the higher goal of a more just and equitable world where human rights

⁵ These gained their inspiration from a speech given by senator John F. Kennedy at the University of Michigan in 1960 when he challenged young people to serve their country in the cause of peace by living and working in the developing world.

⁶ Trygve Lie was UN Secretary General 1946-1952

⁷ See for example, FK Annual report 2008

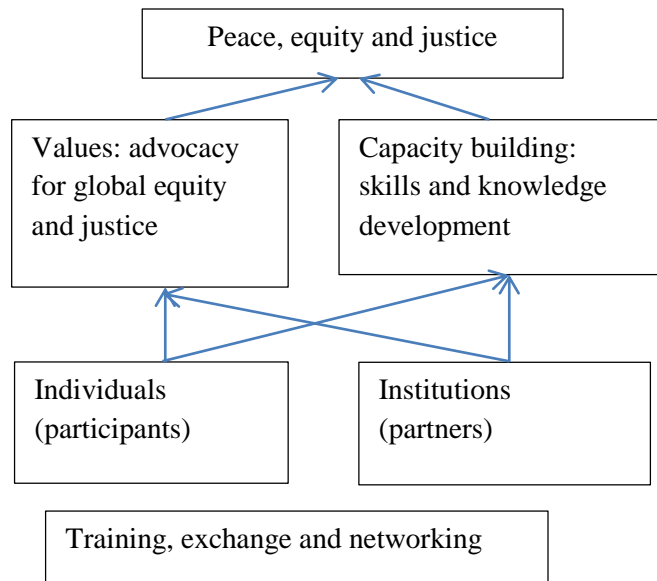
are recognized.⁸ FK has a bold mission vision, taking into account that it is a small organization with about 45 employees⁹ and operating on an annual budget of about NOK 200 million.

2.3 FK's Theory of Change

FK Norway has developed a *Theory of Change* which outlines the assumptions as to how the FK exchange projects contribute towards the overall vision of fostering leadership for global justice, creating change on the ground and in our minds. *Changes on the ground* are assumed to be created through facilitating the development of skills, knowledge, and technical capacity in institutions and individuals, which in turn shall enable these institutions and persons to deliver better services and benefits to people and communities where they operate. *Changes in our minds* are created by promoting a set of values and relationships promoting equity and justice both on the individual and institutional level. An important principle in this regard is reciprocity, meaning there should be preparedness to both give and receive, to both learn and teach, amongst all parties within the partnerships. Changes on the ground always correlate to, and may impact changes in the mind, and vice versa.

FK's ToC is used in this evaluation to assess results both towards changes on the ground, i.e. *capacity building* (development of technical skills, knowledge, etc.) and *changes in our mind*, i.e. values. The ToC is schematically described in the figure below¹⁰:

Figure 1. The basics of FK's Theory of Change



⁸ FK Norway Strategy 2010-2014

⁹ At the headquarters in Oslo 35 persons, and about 5 persons each in Bangkok and Kampala, in the latter cases based on long-term contracts with consultants.

¹⁰ The model is based on, but not copied from FK's ToC. It does not include the societal level as FK's potential impact here is indirect.

3. PRIVATE SECTOR DEVELOPMENT IN FK

3.1 The role of Private Sector Development in FK

Strategic orientation

Since the creation of the new FK Norway in 2000, the private sector has been one of its priority areas. When FK in the mid-2000s took stock of its experiences of private sector development during the first five years of operations, FK summarized this as follows:¹¹

- There was a certain degree of skepticism from the traditional aid community and the NGO sector to this orientation, but also from larger companies in Norway. FK Norway had to break these perceptions.
- Especially consultancy firms used the opportunities and all major firms became involved in the program.
- The experience of the smallest companies was mixed – many of the very small did not perform well, requiring a change in approach.
- By 2006, the share of private sector projects in the total portfolio had reached about 15%, but FK wanted a larger share in the future.
- FK wanted to increase its attractiveness to larger companies, and have a stronger thematic focus on Corporate Social Responsibility (CSR) programs.
- FK Norway saw private sector co-operation as a way forward as traditional aid would become less acceptable both in the ‘North’ and the ‘South.’

In FK Norway’s strategy for 2010-2014¹², the focus on private sector development was reiterated, now making it one of FK’s four priorities besides climate & environment; health and youth. The specific purpose of the private sector engagement, according to the 2010 strategy, is to involve partners, which do not professionally work with human rights and development so young staff can be engaged in developmental work. The purpose is also to strengthen economic development in the South and to create employment. Over the last few years, FK has made an effort to significantly increase the share of the private sector in its operations through active marketing of FK’s services at various business forums in Norway, but also through approaching companies in the South through FK’s regional offices in Bangkok and Kampala.

3.2 PSD Portfolio analysis

Since 2006, projects that are classified by FK as private sector development, (including agriculture), of the total number of FK projects have varied considerably from year to year. With an average of 15% for the period, FK’s expectation from 2006 that private sector development would have a higher share in the future has so far not materialized looking at 2006-2012 period as a whole. However, since the new FK strategy was put in place 2010, there has been an increase of

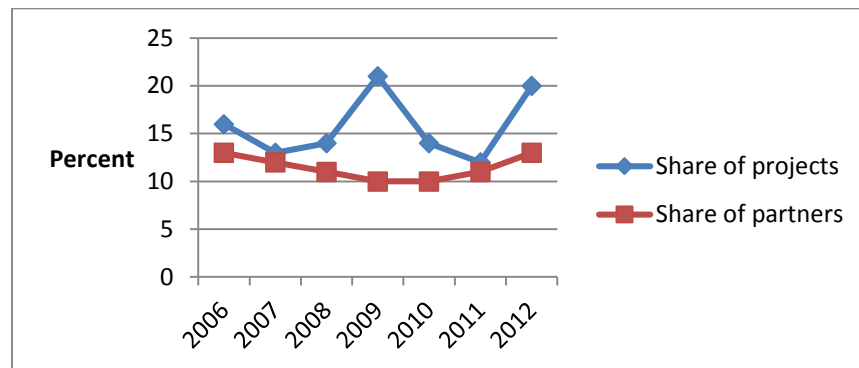
¹¹ Presentation in 2006 to the International Forum for Volunteering in Development.

¹² Although the original strategy period was for 2010-2013, the management decided to extend the strategy period to 2014. The upcoming strategy period will be 2015-2017, coinciding with Nita Kapoor’s last term as FK Director.

PSD, in 2012 to 20% of FK's total projects as indicated in Figure 2 below. The data for 2013 up to August 15 indicates a PSD share of the portfolio of about 25%, i.e. a dramatic shift from the 2010-2011 situation.

In terms of FK's partner organizations, private businesses account for a smaller share than the PSD projects according to FK's own data, or on the average 11% since 2006. Also in terms of collaboration with businesses, there has not been a clear trend of increase, albeit, there is a certain increase in share since 2010 as indicated in the figure below.

Figure 2. FK PSD projects and partners



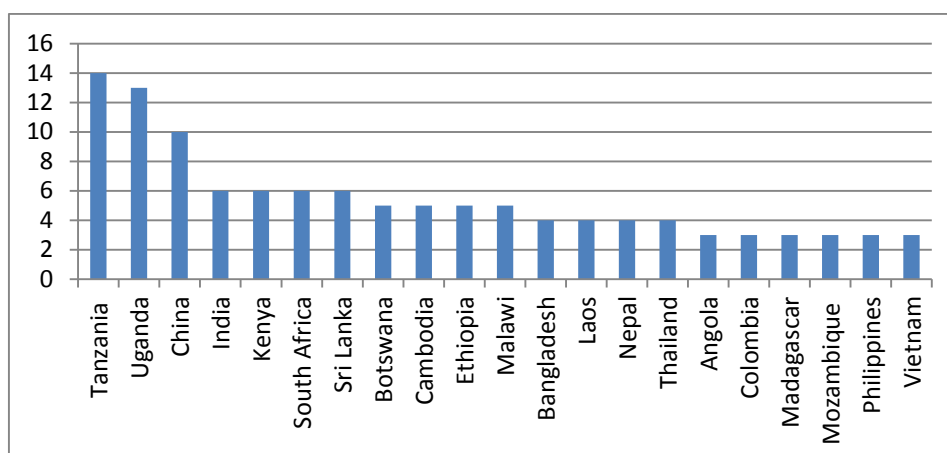
Source: FK Norway Annual reports 2006-2012

The difference in share of projects versus partners is due to the fact that a significant number of FK projects which are classified as private sector development, are implemented by other organizations than commercial enterprises, such as NGOs, research organizations and government institutions. As further discussed below, FK's 'pure' private sector development involving commercial enterprises is thus a rather small share of FK's total operations.

Geographical orientation

The 75 projects identified by FK as PSD projects 2001 – 2013 involve about 40 countries. Of these, Norway features as primary partner or secondary partner in 85% of the projects. The second most prevalent country is Tanzania followed by Uganda and China. Excluding Norway, the most common partner countries in the PSD portfolio are given in the figure below. It should be kept in mind that a FK project often has more than one country in the South as partner.

Figure 3. Country distribution of FK's PSD exchange 2001-2013



Source: FK Norway list of PSD projects June 2013

Overall, (sub-Sahara) Africa dominates the PSD portfolio, with one or several countries included in 60% of the projects. The PSD FK projects cover about 20 African countries with a dominance of East and Southern Africa as indicated above. Language clearly plays a role in this, as does the precedent of Norwegian traditional development assistance partner countries. Given that FK has had a rather open approach to countries eligible for participation including major emerging markets such as China and India, the dominance of two peripheral economies in global market terms, Tanzania and Uganda, is striking. It indicates that the Government's aid priorities strongly spill over to the business sector when Norwegian companies seek support from the aid budget.¹³ Norway is different from many other donor countries in this respect.¹⁴

The FK PSD portfolio is in line with its mandate from the Government that at least 50% of its projects should be directed towards Least Developed Countries (LDCs). In 56% of the PSD projects, at least one LDC is a partner country. If the partners exclusively should be LDCs (except Norway), this percentage is reduced to 40%. FK's targeting in PSD must, nevertheless, be considered good in this respect.

North-South and South-South

Of the PSD portfolio of 75 projects, 23% are classified as South-South collaborations where the lead partner is located in countries such as India, Sri Lanka, Uganda, etc. A closer look at the South-South projects in the PSD portfolio shows a much stronger 'Norwegian link' than the figure indicates. Almost all the South projects have a Norwegian connection. This might be

¹³ A common feature in Norwegian development assistance in the South overall is the unconventional country choices with a strong preference on East Africa. See Lindahl C. et al (2010): *Evaluation of Norwegian Business-related Assistance*

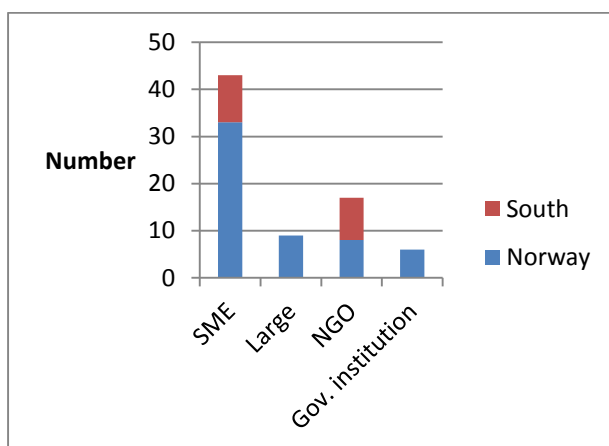
¹⁴ For example, the Swedish Swedpartnership program has a different orientation which much stronger focus on Asia. Also the Danish Business to Business program (B2B) has a stronger Asian focus. In both cases, this is due to the demands from the Swedish and the Danish business community.

through a Norwegian company established in the South, seeking collaboration with other companies, for example in fish farming and ICT. In some cases the South-South exchanges are the result of other Norwegian development assistance projects undertaken by Norad or Norwegian NGOs such as *Norges Vel* which FK has ‘taken over’ or collaborate in parallel with. A third form of South-South exchange is initiated by Norwegian NGOs having subsidiaries in the South, such as the Stromme Foundation with offices both in Africa and Asia. In summary, FK Norway’s PSD program is very much a Norwegian affair with very few projects without a Norwegian link at all. Given that Norwegian policy is providing untied aid, there is scope for FK to considerably expand the ‘real’ South-South PSD collaborations.

Type of partners

Our review of FK’s PSD portfolio 2001-2013 indicates that Norwegian small and medium enterprises (SMEs)¹⁵ constitute by far the most important category of partners as indicated in the figure below.¹⁶

Figure 4. Distribution on types of partners in the FK PSD portfolio 2001-2013



Source: FK Norway list of PSD projects June 2013 (our classification)

A closer look at the SMEs involved in the FK exchange indicates that many of them are quite small with only a handful of employees at the time when the collaboration started. Such small companies constitute what is defined as micro enterprises (less than 10 employees). As noted above, in FK’s experience the smallest enterprises have often proven to be problematic partners due to their limited capacity and weak sustainability, triggering FK to establish a minimum enterprise size of 5 employees to be eligible for participation. The minimum size is not strictly adhered to in terms of the secondary partners. While the smallness of many FK partners can be a

¹⁵ According to EU definition, SMEs have less than 250 employees. The classification in this report is based on the status of the company when applying to FK.

¹⁶ The division on North-South and South-South in this figure and following figures do not take into account mixed forms. Thus, projects which contain both NS and SS exchanges are classified as NS.

problem of sustainability of the companies, it goes, nevertheless hand-in-hand with the spirit of FK to promote international cooperation with a segment of the business community less involved in such ventures.

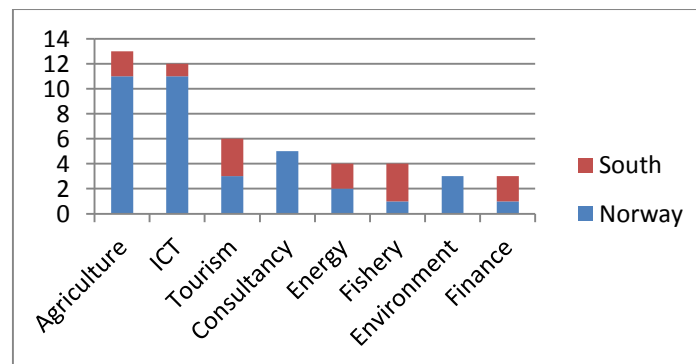
Among the large Norwegian companies in the portfolio, there are some well-known enterprises such as Scancem,¹⁷ Veidekke, Norplan/Multiconsult, Norconsult and Norsk Hydro. Except for the consultancy groups, the largest Norwegian companies participated in the earlier years of the reformed FK, but have not renewed their collaborations since then. Fairly few multinational Norwegian companies have in fact used FK's services in spite of that they all are highly globalized. FK's difficulty to be an attractive partner to the Norwegian large and multinational companies is well-known to the organization and has not changed since it was observed by FK in the mid 2000s.

Among the PSD project main partners, a third are not commercial enterprises, but various forms of non-governmental organizations, industrial associations and associations of producers - and government institutions such as universities, schools, etc. Drawing the line between what is private sector development and what is not, is a matter of interpretation. Excluding NGOs and research organizations, the 'business' collaborations proper constitutes only some 50 projects, or in total about 10% of FK's overall portfolio.

Sector profile

Various forms of *service industries* strongly dominate the PSD portfolio, while traditional manufacturing companies are relatively few. Thus, the internationalization of Norwegian SMEs as reflected in FK's portfolio is not traditional manufacturing, but knowledge-based services in a range of fields, and often by quite small enterprises. Classification in industrial sectors among service industries is not easily made as, for example, an engineering consultancy firm can specialize in different 'sectors' such as energy and it is quite arbitrary whether a project is classified as consultancy or energy. Below is, nevertheless, a profile of the portfolio for the most common 'sectors'.

Figure 5. Sector distribution in the FK PSD portfolio 2001-2013¹⁸



¹⁷ Today part of the Heidelberg Cement group

¹⁸ The "Norway" and "South" in the figure refers to the primary partner location of the collaboration

As indicated in the figure above, the most frequent business sector in FK's PSD portfolio is *agriculture*-related projects. To some extent, this might be explained by the fact that a large number of projects are with LDCs whose economies generally are dominated by agriculture. The portfolio might thus be a reflection of perceived business opportunities both in Norway and in the South. However, the FK portfolio is also influenced by NGOs and research/educational institutions with strong linkages to Norwegian development assistance which to a large extent is agriculture dominated. It is noteworthy that the agriculture projects have not a particularly high share of South-South projects, but are dominated by Norwegian companies and institutions.

Information and Communication Technology is according to our criteria, the second largest sector in the PSD portfolio. The Nordic countries have in general a strong international competitive edge in ICT with companies such as Nokia, Ericsson, Telenor, etc., but the participants in the FK exchange are mostly small companies, some of which belong to the micro enterprise category. They are specialized enterprises often in mobile phone applications, many of which were established after 2000 by young Norwegian entrepreneurs. Their collaboration with partners in the South tends to be with other Norwegian entrepreneurs who have for one reason or another established ICT companies in different countries. Outsourcing of services in ICT from the North to the South is a global phenomenon where countries such as India have a lead role as a recipient. It is of interest to note that the Norwegian ICT companies collaborating with FK have chosen a broad range of partner countries besides India, some of which are generally are not thought of in the ICT context, for example Bangladesh, Colombia, Peru and Uganda.

Consultancy is a flexible term for a service enterprise as noted above. Many major Norwegian engineering consultancy firms have used the FK exchange to a greater extent than in many other business sectors, and often over extended periods of time. As will be further discussed later in this report, the collaboration tends to be within the company groups, hence between the main office in Norway and its subsidiary companies in countries such as Tanzania, Uganda and Mozambique. Exchange in consultancy groups tends to function well through building professionalism among younger staff, hence 'building their CVs.¹⁹' Jointly with ICT, consultancy companies can more easily facilitate exchange of professional staff between North and South, and – as entirely dependent on the quality and experience of the staff - have more to gain from an exchange.

Interrupted projects

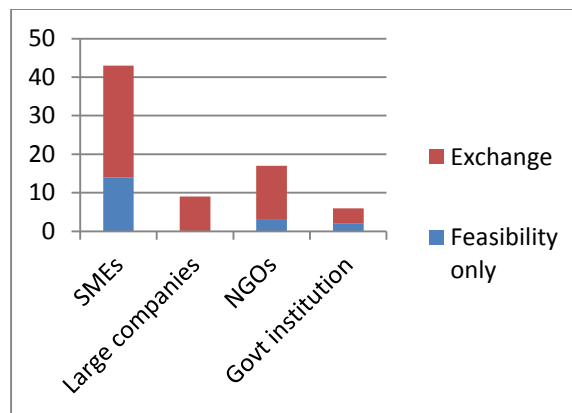
The PSD portfolio comprises a range of projects, from those which only became a feasibility study with no follow-up in terms of exchange, to long-lasting exchange programs over a decade or more involving 50-60 participants in the exchange. FK's model is increasingly built on the concept of having a 'critical mass' of exchange in a project, hence preferably in the form of 3-5 rounds over an equal number of years with a large number of participants. The initial feasibility phase is to assure that such a more extensive collaboration is feasible and desired by the partners.

¹⁹ Quoted from FK staff and a company representative.

A classification of the 75 projects in the PSD portfolio in terms of whether the projects led to collaboration in terms of exchange or not, indicates that for 25% of the projects the collaboration ended with a feasibility study, while 75% lead to an exchange program²⁰ In some cases, FK Norway rejected an application for an exchange after the study was undertaken, due formally to lack of funds, but in reality due to doubts over the proposed project or discovery of misuse of funds in the study. In most cases, however, it was the partner which did not pursue further collaboration as the company found this not feasible or, in more rare circumstances, that a partnership was pursued without involving FK.²¹

The figure below indicates there is an overrepresentation of SMEs among projects which end with a feasibility study and no exchange.,

Figure 6. Interrupted projects in the PSD portfolio



Source: FK Norway list of PSD projects June 2013

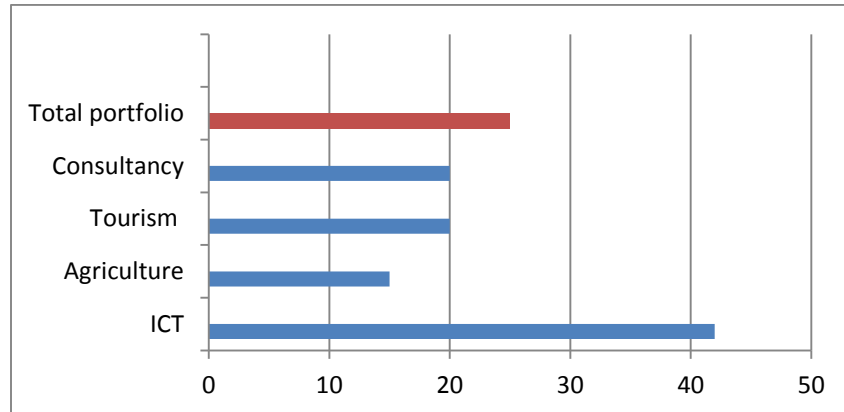
The higher share of SME projects which end with a feasibility study than for other partners is not surprising. These projects tend to be with partners less well known in which the initial feasibility shows that co-operation is not worthwhile, as compared, for example, collaborations with large (Norwegian) enterprises where the exchanges generally are with subsidiary companies in the same group.

In terms of interrupted projects after the feasibility study, ICT companies show a considerably higher rate when compared to agriculture or tourism, as indicated in the figure below.

²⁰ Included a few feasibility studies that were aborted.

²¹ We have limited knowledge on this, as there is no record in FK of what happens to projects which end with a feasibility study. This, in itself, would be a worthwhile research to undertake for FK for learning purposes.

Figure 7. Percent of interrupted projects in different PSD sectors²²



Source: FK Norway list of PSD projects June 2013

The figures above should not lead to conclusion that FK Norway should try to target companies/organizations that reduce the risk of ‘not leading to a full exchange’ from FK’s point of view.. Rather, FK might more actively use the feasibility study as a tool to promote new ventures and exchange through new ventures. The feasibility studies, with a FK budget of NOK 50,000 – 100,000, can be a cost-effective means of stimulating new North-South and South-South collaborations and thus be used for genuine feasibility assessment, rather than linking up companies which are already collaborating.

3.3 The Tanzanian case study

Tanzania is involved in 20% of all the FK PSD projects since 2001. In none of these projects is Tanzania the main partner, hence not the initiator of the collaboration with FK. As a secondary partner, there is a near equal division between North-South and South-South exchanges. Thus, Tanzanian enterprises and institutions are ‘popular’ as partners both in Norway and in Southern countries.

The portfolio

The Tanzanian project portfolio includes collaborations between several large Norwegian companies with their subsidiaries in Tanzania (and other countries). *Scancem*, a part of the German multinational Heidelberg Cement, had an FK exchange with its subsidiary *Twiga Cement* in Tanzania in a program involving *Scancem* subsidiaries in eight other African countries. The large Norwegian construction company *Veiddekke* with some 6,000 employees today, had a FK exchange with its Tanzanian subsidiary *Noremco*. Both of these projects took place in the early part of the 2000s, were limited in time and number of rounds, and the collaborations were not further pursued by the companies in spite of positive reporting.

²² Only the most frequent sectors included in the graph

Two of Norway's large engineering consultancy firms, *Norplan* and *Norconsult*, have, on the other hand, had extensive FK support for exchanges with their subsidiaries in Tanzania (and in the case of *Norconsult* involving also other countries). In the case of *Norconsult* this ended when the company in Tanzania was closed down in 2008 after a corruption case, while in the case of *Norplan* it ended recently after five full rounds. *Green Resources*, an innovative Norwegian company operating plantations and a saw mill in East Africa and also engaged in the carbon offset market, had a successful FK exchange in between its subsidiaries in Tanzania, Uganda and Mozambique (and the head office in Norway) which ended in 2012, but a new proposal might be soon be submitted. The collaborations were highly appreciated by all the companies as reflected in their reporting and in our interviews.

There are several South-South exchanges involving SMEs in the portfolio. *Excellent Travels* was a FK collaboration between travel agencies in Ethiopia and Tanzania, and *Uganda Home Pages* a project involving Tanzania, Uganda and Kenya in media and IT. Both these projects were small, limited to one round of exchange with a few participants. In the case of *Uganda Home Pages*, it ended due to what appears to have been misuse of funds by the Ugandan partner, while in the case of *Excellent Travels*, the initial exchange showed that there was no business scope between the companies.

Two other recent South-South exchanges between SMEs involve innovative energy companies, both with a social entrepreneurship profile. *Husk Power Systems*, an Indian company engaged in energy production of biomass from agriculture waste, initiated a FK collaboration with partners in Uganda and Tanzania in the company's efforts to establish its technology in East Africa. *Sunlabob*, a 'social energy' company in Laos focusing on solar energy and mini hydropower for rural poor, began collaborating with FK in its efforts of spreading the company's technology in Asia and Africa. In these projects the Tanzanian partners, which for both FK projects were small start-up companies, went out of business while the FK exchange was on-going, leading to problems for the lead companies. The *Husk Power System* project is continuing with partners in other countries, while *Sunlabob* decided to pull out of the collaboration as the return was perceived as less than the cost to participate.

The Tanzanian portfolio also includes several projects involving Norwegian academic organizations collaborating with partners in Tanzania with a focus on smallholder agriculture. *Norwegian University of Life Science* (UMB) has an on-going research-oriented project focusing on value-chains in goat-farming with *Sokoine University*, a FK collaboration with is an appendix to a large and long-lasting Norwegian embassy funded aid project, while a new project *Sogn School of Agriculture* and *Kizimbanbi Agriculture Training Institute* in Zanzibar with a similar focus, can be seen as an off-spring of the former.

The two largest FK projects involving Tanzania are Agri-Business Forum (ABF) and Stromme Foundation, each project involving in the order of 40-50 participants in FK exchanges, and both

ongoing since the mid 2000s. These South-South exchanges involve several African nations besides Tanzania. ABF with a base in Zambia, is a continuation by FK of several Norwegian aid projects. It is one of FK largest projects overall in financial terms, but with unclear results as so far no assessment has been made of the collaboration in spite of the size of the FK program.²³ Stromme Foundation, a Norwegian NGO specializing in micro finance (and community based education) has from its East Africa subsidiary had FK projects in collaborations with eight micro finance institutions in Tanzania. Finally, *Friends Fair Trade* is a new collaboration between a small fair trade company in Norway and a Tanzanian-Norwegian company in Tanzania involved in tourism and coffee marketing.

Summary of the Tanzanian projects

Below is a summary of the 15 projects in the FK ‘Tanzanian’ portfolio. It should be stressed that the portfolio does not involve Tanzania only, but in some projects Tanzania is a partner with several other countries. Out of the about 220 participants in the 15 projects, about 50 have been from Tanzania according to FK’s sources, while about 60 persons have been exchanged to Tanzanian partners. Hence, Tanzania has directly ‘benefitted’ in half of the exchanges.

Table 1. FK Norway’s PSD portfolio Tanzania 2001 - 2013

Project	Progr.	Sector	Period	Pers.	NOK mill.	Tanzanian partners
Agri Business Forum (ABF)	SS Zambia	Agriculture (General)	2006-15	50+	14	Moshi College and Federation of Cooperatives Nine partners also including Malawi, Zambia and Uganda
Excellent Travels	F	Tourism	2002-03	0	0.1	Study aborted
Friends Fair Trade	NS	Agriculture (Coffee)	2013-15	6	2.8	New exchange with Wild-tracks, a small Norwegian-Tanzanian company
Green Resources (GR)	NS/SS	Forestry	2008-12	14	5.1	Green Resources Tanzania. Also involving GR in Uganda and Mozambique
Husk Power System	SS India	Energy (biomass)	2012-15	12	2.7	Jamii Power – defunct; also involving Uganda
Norconsult	NS/SS	Engineering Consultancy	2002-11	25	7.0	Norconsult Tanzania – defunct. Collaboration including nine countries
Norplan	NS/SS	Engineering Consultancy	2002-12	20	7.5	Norplan Tanzania
Norwegian Univ. of Life Science	NS	Agriculture	2010-13	8	2.6	Sokoine University
Scancem	NS	Cement	2004-05	13	2.6	Twiga Cement. Collaboration with nine countries
Sogn School	NS	Agriculture	2012-15	4	1.7	Kizimbani. Exchange about to start

²³ ABF is a complex exchange program to assess as it involves nine partners in four countries. Furthermore, the exchange is used for example by the Tanzanian Federation of Cooperatives in different cooperatives in the country.

Sterling Travel	SS Ethiopia	Tourism	2006-08	4	0.5	Interline Travel - defunct
Stromme Foundation	SS Uganda	Micro-finance	2004-13	40 ²⁴	9.0 ²⁵	8 NGO partners in Tanzania involved in micro-finance – several closed down. Exchange with 6 countries in Africa
Sunlabob	SS Laos	Energy (Solar)	2010-13	9	1.5	CB Energy – defunct Collaboration with 5 countries
Uganda Home Pages	SS Uganda	Media/IT	2005-06	4	0.6	Majorityworld – defunct (Coll. also involving Kenya)
Veidekke	NS	Construction	2002-04	8	2.5	Noremco - defunct
Total				217	46.2	

Impact on Tanzanian partners

In the table below, the impact on institution building and employment in the 15 projects involving Tanzania is summarized. For further details see Annex 3 which provides a narrative for each project.

Table 2: Results on capacity building in Tanzania in the 15 FK projects

<i>Project</i>	<i>Partners</i>	<i>Institutional development</i>
Agri-business Forum	ABF Zambia	FK instrumental to maintain ABF secretariat; key funder
	Moshi Coop College, Tanzania	Contributed to capacity building at the college through more competent staff. Contributed to capacity building at the college through more competent staff.
	Fed. of Cooperatives, Tanzania	Contributed to capacity building at cooperatives through specialized competences. Employment effect not possible to determine
Excellent Travels	Excellent Travels Norway	No impact as project never took off
Friends Fair Trade	Friends Fair Trade, Norway	Too early to judge, but perceived to be potentially quite positive
	Wild Tracks, Tan	
Green Resources	Green Resources Norway	In-company collaboration; positive capacity building in ‘South’ subsidiaries through exchange of know how. Not possible to judge employment effect
Husk Power Systems	Husk Power Systems India	Part of HPS effort to establish itself in East Africa. Marginal impact. No employment effect
	Jamii Power, Tan	Company was closed down mid-term. No impact or employment effect
Norconsult	Norconsult, Norway	In-company collaboration. Tanzania company closed. No contact could be established with company.
Norplan	Norplan, Norway	In-company collaboration. Norplan systematically used FK for capacity building in Tanzania with positive impact on technical capacity, competence of staff, cultural understanding etc. Employment effect not possible to determine
Norwegian	UMB, Norway	Contributed to better qualified researchers and a complement to

²⁴ This is an estimate for micro-finance as Stromme mixes micro-finance and education. In total 65 participants in the ‘Tanzanian’ exchanges.

²⁵ See above. The total FK budget for the Stromme is NOK 12.5

University of Life Science (UMB)	Sokoine agricultural University, Tan	a larger Norwegian aid project. Potential PSD impact and employment effects not possible to assess
Scancem International	Twiga cement	In-company collaboration. No contact could be established with Scancem or Twiga. Impact cannot be established.
Sogn Jord- og Hagebruksskule (SJH)	SJH Norway	New collaboration. Too early to judge results
	Kizimbani Agricultural Training Institute	
Sterling Travel and Tours	Sterling Travels, Ethiopia	Limited exchange due to mismatch between companies. Interline not interested in safari type travel. No impact and no employment effects
	Interline Travel Tanzania	
Veidekke	Veidekke	In-company exchange. Noremco has closed operations in Tanzania. No contact possible to establish with Noremco. Veidekke said exchange useful for the company through building capacity among staff.
	Noremco	

3.4 Conclusions of the Tanzanian projects

A wide variety of projects

The Tanzanian portfolio is a good reflection of the great variety of PSD projects in FK's work, from multinational companies to fair trade micro enterprises, and research institutions involved in value chain development in goat farming. It is a strength of FK to be able to provide services to such an extreme different clientele taking the smallness of the organization into account. There is also a considerable variety in scope of FK's work from an (aborted) feasibility study with a FK budget of about NOK 50,000 to exchanges which soon have been going on for ten years, involving 40-50 participants in up to 9 countries with FK budgets of NOK 12-14 million. The latter indicates the importance to complement FK's data on delivery in terms of number of projects (for example in the annual reports), also to show the budget allocations in different kinds of projects.

Impact on the companies

All the partners of the 'Tanzanian' projects have expressed appreciation of the FK exchange either in their reporting to FK, and/or in interviews in this evaluation. Their expressions of value created at company/institutional level are, for example, that the exchange: contributed to or built a 'young professional program', which strengthened management capability in the companies for the future; created a more integrated company framework with shared experiences, and better understanding of one another's business culture; better communication in between companies; broadened skills development by exposure to different market- and cultural environments; exposed smaller Tanzanian companies to an international setting, thus helping them to have a change of mindset from a more insulated perception; etc.

The Tanzanian case study confirms the hypothesis in FK's Theory of Change that exchange contributes to skills development and know-how at institutional level. Thus, there is a contribution towards *changes on the ground*. In none of our interviews with partners have we come across a partner claiming that the exchange contributed nothing to the organization.

Impact on values

FK's new Theory of Change assumes impact on the value systems of the institutions involved towards advocacy for equity and justice. This dimension is rarely or never explicit features of the collaboration agreements in the Tanzanian portfolio, nor is it a dimension that is reported by the partners in the projects. In general, it is very difficult to find evidence that the FK exchange projects in Tanzania have had direct impact on the value systems at institutional level, and even less that the institutions in any respect have become advocates of equity and justice. As is further discussed later in this report, there is a wide and possibly widening gap between what FK Norway today wants to achieve and how the PSD work is carried out in practice. In the recommendation chapter, we will provide ideas how this gap instead can be closed.

Un-sustained partners

Out of the 10 business collaborations which took off in the portfolio,²⁶ the Tanzanian partners have closed down operations in 60% of the projects. There has been a particularly high 'death' rate among the smaller Tanzanian companies (4 out of 5 have ceased to function since the exchange, some closed down shortly after the exchange ended or while it was still ongoing), while 2 out of the 5 subsidiaries in Tanzania to the large companies are now defunct. While the closure of a partner company might be considered a failed institutional development by FK, our evaluation cannot support such a view. There is a clear, lasting impact of the FK exchange particularly on the participants in such projects, but also to some extent on the entrepreneurs. An effort by FK of reducing risks of engage in potentially failing partner companies might not only prove difficult to achieve, but also not add in effectiveness towards FK's overriding objectives.

Creation of entrepreneurship

There is an indirect effect of the FK exchange projects in Tanzania in the sense that several of them have led to the creation of new entrepreneurs. A number of participants interviewed have left their home organizations to start businesses on their own. Without exception, they relate this to the experience in the exchange program. The high rate of Tanzanian partners which closed down also triggered participants to find alternative sources of income. Entrepreneurship is a rare and sought after asset in most countries, and very difficult to promote through conventional business training. FK's impact in this regard – basically through the challenges for many participants in having to adapt to new environments sometimes in poorly functional settings - is an interesting indirect outcome of FK in Tanzania.

In-company collaborations

For all of the projects with large (Norwegian) companies, the collaboration has taken place within the company groups, i.e. in between the Norwegian mother company and its subsidiaries in Tanzania, or between the subsidiaries in the same company group in the South. One key issue is

²⁶ We exclude Excellent Travels from this analysis as it never took off in Tanzania.

whether the exchange of staff inside corporate structures risks being ‘corporate welfare.’²⁷ Overall, the balance of what is justified subsidies to commercial enterprises to achieve development goals and what might become ineffective and even harmful subsidies requires to be explicitly addressed by FK.

Support of developmental innovations

The projects in the portfolio which have a clear innovative business approach in the sense of focusing on commercial services with a developmental content, *Husk Power System* and *Sunlabob*, are both South-South collaborations with two Asian companies as lead. None of the North-South collaborations have such an orientation, but are rather conventional business ventures. The exception might be *Green Resources* with its strategy of exploiting the market for carbon offset. It is to FK’s credit that the organization supports what might appear to be high risk ventures in the South. However, it appears that in these projects, the systematic process of an initial feasibility study was not conducted or performed well, which meant that the matching of partners was far from ideal. Our conclusion from this is not that FK should avoid these types of higher risk projects. On the contrary, FK should rather seek increased collaborations with companies on the frontiers of development. While associated with potentially higher risk of failure, there is also the potential of FK making a difference in line with its vision. At the same time, given the complexity of South-South collaborations,²⁸ FK Norway should assure that the partners have familiarized themselves well and the lead partner has had a chance to assess the others prior to any collaboration. Well-funded feasibility study would reduce such risks.

Employment creation and economic growth

To what extent is there evidence of impact on employment creation and economic growth in the Tanzanian PSD portfolio? One simple way of looking at this is to consider whether the Tanzanian partners jointly employ more people today than before the projects began, or if the size of their operations have expanded more than the Tanzanian economy in general. We don’t have the details for some companies, such as *Twiga Cement*, but the conclusion would most likely be that the aggregate employment in the partner companies or their combined turnover is not larger today than prior to start of the FK projects, and possibly even lower.²⁹ The reason for this is the closure of companies such as *Noremco* and *Norconsult*, and the high death rate of the Tanzanian SMEs that were involved in the FK exchange. These company closures were unrelated to the FK

²⁷ Corporate welfare is a term often used when development assistance subsidies are used by companies to finance activities they would otherwise finance themselves. From a developmental perspective, such funding is of little or no value.

²⁸ The South – South collaborations seem to a higher degree than the North-South collaborations take place between companies that are unfamiliar with one another, sometimes triggered by a third party recommending a collaboration. From our case studies, there are examples with the companies not even met before initiating a collaboration through an exchange. Exception to this is when the South-South collaborations are between Norwegian subsidiaries in the South.

²⁹ We do not consider the Micro-finance Institutions that partnered with Stromme in FK Exchange due to lack of information of this sub-portfolio.

exchange and had to do with market conditions, corporate strategic decisions, volatility in the SME sector, and other factors. Overall, it would be difficult to determine the causality between FK exchange and employment and/or growth due to the many factors which determine commercial entities' success or failure and their ability to employ people. In general, employment creation and economic growth are not good indicators for the impact of FK exchange. Rather by using these, there is a clear risk of exaggerating the role of one factor (the exchange) when many factors are at play, and also the risk that this might obscure other more important indicators of impact related to FK's main objectives.

Impact at community and society

The third layer in FK's Theory of Change is based on an implicit impact: changes on the ground and in mind at company and individual levels will accomplish the impact in society along FK's objectives. We have no reason to contradict this theory, but nor any evidence from the Tanzania study to prove it correct. There are several reasons for the latter: first, the fragmented portfolio and the smallness of FK makes it in general difficult to prove impact at society level; second, FK's current one-sided approach to institutional development as discussed above reduces the likelihood of profound change at the level of society. A further complicating factor is the moral hazard in that FK might create market distortions due to heavy subsidies to selected corporate groups. FK needs to modify its strategic thinking to close the gap between objectives and action, elaborated later in this report.

Impact on human rights

FK states in its 2010-2014 strategy that the focus on the private sector has the following objective: *to involve partners, which do not professionally work with human rights and development so young staff can be engaged in developmental work*. Given FK's focus on the companies as partners and their business development needs as the core objectives of the exchange, the human rights dimension does not feature explicitly, is not reported on or assessed in performance reviews. There is clearly an element of increased awareness of human rights among many participants, not least due to the content of the preparatory course, and – for South participants - the exposure to the Norwegian society and business environment. But this impact is primarily at the participant level, and to what extent he or she can influence the host or home company is a different matter. Participants are young, generally not in key management positions, and furthermore, often not even employed in the companies. Hence, their influence at institutional level tends to be limited, especially as this key dimension of the exchange is not explicit in formulation of objectives of the projects or its performance measurement.

3.5 Review of selected PSD projects

The evaluation has included six additional PSD projects which were considered of particular interest by FK as examples of new collaborations or projects. Among these are three ICT projects in view of the fact that the ToR for the evaluation indicate that ICT seems to be a sector which fits well with FK's program. These three projects are all with small Norwegian ICT companies

(*Crosscode*, *Escenic* and *Eurobate*), some of micro enterprises, in collaborations with partners in Latin America and Bangladesh. The selected projects also include *Ekeby Gård*, a micro enterprise in agriculture in collaboration with a South African partner; the major Norwegian engineering consultancy firm *Multiconsult* with a collaboration with a Nepalese hydropower consulting firm; and the small consultancy firm *Energy Savings International* in collaboration with a partner in China. The six projects and their performance are described in annex 4 of this report. Below is a summary of our findings.

- All three ICT projects with Norwegian IT companies have performed well in terms of company development with rapid increase in growth, market penetration and employment (in the case of *Eurobate* only in the South). After the FK projects began, two of the companies have been bought up by larger Norwegian IT companies (*Vizrt* and *SYSCO*) which also took over the FK projects. For two of the three projects the FK exchange will be, with the current round finished, quite extensive, involving 30-40 persons each with FK budgets in the order of NOK 14-15 million.
- One of the ICT projects, *Eurobate* could be seen as successful from the South partner's point of view, and has been highlighted as such by FK Norway in its communication such as in the annual report. However, this collaboration project is troublesome as it ended in a failed partnership and allegations that the Colombian company 'stole' company secrets from its Norwegian partner. Also participants in the exchange interviewed indicated that there were unethical issues involved. The project indicates a potential conflict between FK's ambition of stimulating employment versus ethics in business.
- With the intensity of the FK exchange especially during most recent years in small SMEs, often micro enterprises, it seems clear that considerable company development has taken place both in Norway and in the South in the ICT sector and also in the case of *Ekeby gård*. The Norwegian ICT companies have become more competitive in their home markets, which mainly are Norway and Europe, through higher quality back-up supplies from their subsidiaries in the South, while the Southern companies become stronger as service providers in local and regional markets and also as outsourced suppliers. In the case of *Multiconsult*, the FK exchange is likely to strengthen both *Multiconsult's* and its Nepalese partner's position of the growing market in hydropower in Nepal. In conclusion, with the exception of ENSI (see annex 4) in the reviewed projects FK Norway has most likely had or will have a significant impact on *capacity building at the institutional level* along FK's Theory of Change.
- It is, on the other hand, difficult to see that any of the six projects reviewed have had any contribution towards the other leg of FK's current objective – *advocacy for global equity and justice*. The explicit objectives for the exchange are technical and competitiveness-

driven. The exception to this could to some extent be *Eurobate*, which partly had a focus on ‘social telecommunication’ with an explicit use of mobile telecommunication to improve poor people’s lives. However, these ventures seem not to have taken off and were never mainstream business for either of the companies. Similar to the Tanzanian projects, the reviewed projects raises the question of the balance between FK’s current vision in terms of creating leadership *fostering leadership for global justice* and the efforts of promoting business growth.

- The FK exchange in the smaller Norwegian companies has to a large extent been undertaken by participants recruited especially for the purpose of the exchange, often in a competitive manner through advertising. The reason for this is that the companies cannot afford to release key staff to be absent for a year, and also due to unwillingness of many Norwegians to be away for that length of time. Often, the exchange is used by the Norwegian companies as a means of recruitment; hence those that perform well during the exchange are offered a job on return. FK is concerned with the fact that there is a considerable share among Norwegians involved in the exchange that are not employees of the partner companies and considers forcing a reduction of this. We believe that this is counterproductive in the sense that: 1) the exchange facilitates the recruitment process by the companies; 2) the exchange is a way into employment for young Norwegians; and 3) the impact on the participants which are not employed is still significant, possibly even more significant at personal level, than for those employed.
- As noted in the case material reviewed, the FK support, especially in recent years, is intensive for several of the projects with FK budgets of NOK 14-15 million, sometimes to one company (group). This is not insignificant and would – for example in the EU – not be acceptable in line with its law on state subsidies to companies within the EU. The upper limit for state support of individual companies is set to EUR 200,000 over a 3- year period (about NOK 1,6 million).³⁰ FK’s support is in some cases nearly 10 times that amount. Norway is not a part of the European Union, but generally adjusts its policies in line with those of the EU.
- Independent of Norway’s compliance or not with EU laws, the implied subsidy level to individual companies in the selected FK projects raises the question of market distortions. Good practice in private sector development assistance is to avoid aid subsidies to individual companies which create unfair advantages to one company over others. If the FK exchange implies considerable market distortions in Norway or in the partner countries in the South, for example in dynamic, emerging industries such as ICT, the projects might do more harm than good. To overcome such market distortion risks, FK should shift its focus from narrow business development to a focus on providing societal

³⁰ It is of interest that the EU regulation also applies to NGOs which are involved in commercial operations.

benefits through companies in line with FK's overriding objective. While FK does address the issue of social and environmental responsibility to companies at feasibility stage, this is not carried through as agreements are created and the exchanges take place.

3.6 The participants' perspective on the FK exchange

Our interviews with former and current participants in the exchange of the Tanzanian and other projects provide ample evidence of a profound impact of the exchange (including and not least through the preparatory course) on the participants. In none of our interviews have the participants responded in a lukewarm fashion, rather described the exchange as a platform which changed their lives by building self-confidence, providing experience in adapting to new circumstances, providing new technical skills, and creating international networks. Clearly, the exchange contributed to enhanced careers, not necessarily in the home organization, and frequently elsewhere. Several participants described a broader outlook on the world as a result of the exchange, leading to a different orientation in life.

From our interviews with participants in the reviewed projects, it is quite clear that the exchanges have contributed both to a 'change on the ground' in terms of enhanced skills and know-how, and in many cases also in the mind. Although, being an agent of change for peace and justice seems a bold idea, many of the participants interviewed did not hesitate when asked to describe their experiences in this perspective.

Below, we include short narratives which paraphrase participants, using key words they chose to describe how the exchanges impacted them and what they are pursuing or intend to pursue as a result. The evaluation posed the question, among others, of whether the participant regarded him/herself as an agent of peace/justice/human rights. While the participants were often surprised to hear the question, ultimately most of them could easily relate to it when given the chance to reflect upon actual outcomes of the exchange year. Most are or seem determined, in their own ways, to pursue change for the better at home, in their work places or in society at large. They gave concrete and specific examples of what they meant, and the short accounts below are intended to capture these.

The narratives below are not the exceptional cases in our interviews, but rather reflect the overall pattern. Participants were assured anonymity before the commencement of the discussions, although most were unconcerned about having their names associated with their views.

Participant 1:

I had worked in Singapore for 1.5 years and was getting tired of the work-money mentality. There was a lot of right and wrong. My experience in Tanzania was the exact opposite. A whole lot of grey opened up and there was a different way of looking at things. I have become "end-of-the-world-compliant" from my experience in Tanzania where nothing happened businesswise in the exchange (the business collapsed), I had to survive and make my own way. I made a good local

friend and learned how important that was to survival. As a result of having to survive, I have no problem in communicating with people who do not speak my mother tongue now. My colleagues at work, at my new job in Laos, sometimes have difficulties understanding foreigners trying to speak English. I have no problems. My experience in Tanzania contributed to a spiritual awakening that was so brilliant that once you experience it you must pass it on. Failure of the business side of things was necessary for this to happen to me. My macho Indian gender perceptions changed. I am a much more open person. I stand up for my homosexual friends.

Tag words: spiritual awakening, pass on a new way of seeing things, gender, homosexuality.

Participant 2:

I learned a lot about working in a different culture. I had to see hierarchies, personal friendships and practical arrangements from a new perspective. At a personal level I saw how men and women interacted, how families interacted and how important gathering around food was. I try to be less stressed with time around my own family and friends now that I am back in Norway. I reflect more on the refugee situation in Norway as well. How must these people see us? While I was in Tanzania I spoke with my local friends there about gay and lesbian rights, and offered my view.

Tag words: Stress, gay and lesbian rights, refugees.

Participant 3:

I learned to act as a change agent in Norway. At first I experienced curious eyes about being a Muslim and wearing the hijab. My colleagues and friends in Norway couldn't understand how I could take this decision. Where I come from in Bangladesh it is not very common for women to pursue their wish. Now I can talk to other women about what they want from society and get away from being stuck in the idea of what society wants from us. I have been empowered to ask questions by the relatively flat structure of management in Norway. Although the company I worked in Norway had a CSR policy and encouraged its employees to give time to the Red Cross, I was the first who actually volunteered to take part in this and encouraged my Norwegian colleagues. In Bangladesh most of my colleagues at work are used to helping in times of national crisis – it is a part of our CSR policy.

Tag words: muslim, hijab, women, CSR.

Participant 4:

Although my exchange was in Tanzania and I live in Uganda, I learned many things about Scandinavians and their way of life that have impacted my home life. I visited Norway at the start of the exchange and my sister is studying in Norway. My family accepts that we must sort our waste and we try to do our best. In Tanzania I learned Swahili which has been extremely valuable to me in an environmental business where Swahili is used by armed men who try to intimidate. These men can no longer easily intimidate me because I know what they are saying. The linguistic

benefits of the exchange, and the peace and conflict resolution course offered during the FK training have been very important to me in my work.

Tag words: waste, environment, Swahili, language, peace and conflict resolution.

Participant 5:

I've learned to be more independent since I've been in Norway – take care of myself. We have a much better working environment here than in Nepal: flexible time, greater productivity, better working systems, a much less hierarchical structure which wastes a lot of time, more responsibility. I will try to bring some of these ideas back to my place of work back home. Also, when I return home I hope to be more active in youth organizations concerning political awareness. This is very poor among youth there. Whoever gets involved in politics is regarded as corrupt so that educated people are leaving Nepal. I want to stand with youth who are there and say: we have to make it better, this is our home. I also plan to be bicycling a lot more rather than taking a motorbike. We have both constant fuel crises and a big pollution problem.

Tag words: independent, working environment, political awareness, youth, pollution.

Participant 6:

This type of experience creates a difference in your head. The world is not a foreign place to me anymore. I can travel; I can live alone. I became very inspired to make a difference as I saw how disabled people were handled in Norway. My family had started a foundation for Down's Syndrome children who are poor before I left on my exchange. My brother has this syndrome. I came back with many new ideas for this project and the FK experience was a big door for me. I learned English and I learned to want to learn. Latin American people can be a bit closed in this regard. I want to help my country, Colombia.

Tag words: difference in your head, foreign, disabled persons, learning to learn.

Participant 7:

The program really transformed the way I looked at things. The exchange with Tanzania has resulted in the first Master's level and Phd program concerning co-operatives which I have just designed. This is quite unique in our country's education system. I feel I am able to provide knowledge about how to manage others and to manage an own business. I also brought home a better marking system for exams. My communication skills in Swahili improved considerably.

Tag words: education, co-operatives, business, management, communication, Swahili.

Participant 8:

I've become more confident. Although I was already a senior electrical engineer when I left Nepal for the exchange, I was quite shy and not used to the idea that we, Nepalis and Norwegians could in fact be the same people. I really like the working conditions in the Norwegian company. You can come 7-3 rather than 8-4, it is up to you. You don't have to be at the office all the time because it is really all about being efficient. We work on 5-6 projects at the same time, not just

one. It is a better use of resources. When I return back to my company in Nepal I hope to talk about better and more efficient working conditions. In Nepal you have to be at the office even when there is nothing to do. This is not efficient.

Tag words: confidence, efficient working conditions.

Participant 9:

I did everything to pursue further education through Scandinavian institutions following my FK exchange year, which gave me the inertia to move around and made me realize my potential. I got a scholarship through the Swedish Institute to Lund University to pursue a Master's of Science in International Learning and Development, and also ended up as a result spending time at the UN learning about international development and management. I have got involved in the HIV/AIDS response, an outreach program at the university where I teach in Zambia. This program provides orientation for new students coming to the university. Older students who lead change processes and transmit skills/knowledge about HIV/AIDS need leadership skills. I found myself pulling out the handouts about leadership from the FK 2009 training and using them. I was surprised that they continued to be so relevant. Through FK I 'caught the fire' of changing things, as I also learned to stand up to corruption on the project and will always continue to do so. My supervisor thought there was no way a 'small boy' like me could challenge him, but I did and I think that disturbed him.

Tag words: realizing potential, education, outreach, change processes, leadership, corruption.

Participant 10:

I was not a good communicator and this was my first time out of Peru. On the job in Norway my team problem-solving skills have increased markedly. This is probably also because I experience better working conditions here: labor hours, conditions and the human resources terms are clear. In Norway I like the fact that people seem to respect the rule of law. You can see this with the organization of transport and the way people cross the street. People are more liberal and can say what they think – there is more freedom of expression. I will talk to my family and friends back home about these things.

Tag words: communication, team problem-solving, working conditions, human resources, rule of law, freedom of expression.

Participant 11:

I have learned a lot about the fair trade movement and marketing our coffee abroad. I got to travel in different parts of Europe during my holidays and used the time to market the coffee from my community's plantation back home. When I return home I want to become active in addressing the issue of child labor. Something needs to be done about this and I want to put my energies to it.

Tag words: fair trade, marketing, child labor.

Participant 12:

I came from a company which made money on handling SMSs and felt really out of place at the preparation training among representatives for NGOs, churches and so on when it came to working for equity, justice and peace. But I have learned that the private sector can play an important role in this. The FK exchange altered my perception of what I want to do in life.

Tag words: private sector role in equity/justice/peace, altered perceptions.

The conclusions and recommendations, below, suggest how FK could most usefully apply this feedback from participants to increase FK's impact in relation to its key objectives. Using the approach of theorizing from narrative (see chapter 5), we have extracted tag words from each account which could be examined to distil critical areas of importance to former FK participants in terms of learning and capacity building. These could be used to create more effective and longer term follow-up to the exchanges.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 A unique form of development assistance

FK Norway accounts for a very small percentage of the Norwegian ODA, or, as mentioned earlier, about 0.7%. Of this, the private sector development is only a share. FK Norway's PSD program can be estimated to about NOK 30 million per annum, or 1.5% of the of the total Norwegian private sector development in ODA.³¹ FK Norway stands for a unique program in the total Norwegian ODA, providing an opportunity for extensive exchanges of knowledge and skills between organizations relevant to economic, social and political improvement in different parts of the world, including in some of the poorest parts, over years. It is not replicated by any other organization or program in Norwegian ODA. Next to the American Peace Corps, it has the most distinguished long-term repertoire of exchanges in the world, and stands out as a unique approach, even in comparison to these.

FK's PSD portfolio includes some of the largest, international (Norwegian) companies engaged in, for example, major infrastructure projects on the one hand, and on the other, fair trade organizations with a few employees undertake social-related businesses. It includes high-tech services in engineering and ICT as well as development of small scale goat farming. It involves partnership between company in Norway, one of the economically most advanced countries in the world, and, for example Nepal, one of the least developed. One of the features of FK's collaboration is that it is attractive to highly varying private sector entities and business contexts. A reason why a small organization such as FK Norway can manage this is that it is providing a specialized form of service which is no different whether the collaborating partner is a small

³¹ In Lindahl et al (2010), the annual allocation of Norwegian PSD was estimated to about NOK 2 billion. Assuming that the FK is 15% of the total FK budget of NOK 200 million, the share would be 1.5%.

NGO in the South or a Norwegian multilateral company. This is a strength of FK, an asset to build upon.

Had FK maintained the objective is used in mid 2000s until today, the conclusion in our evaluation would have been that FK in its PSD work is quite effective and efficient. FK has clearly “contributed to increased contact and collaboration between individuals and institutions in Norway and in countries in Africa, Asia and Latin America and contribute to development.” However, in 2009 FK set up a new, very bold vision for itself of creating leadership for a more just world. Judging FK’s performance against this vision, the effectiveness of the PSD operations become less, not because the organization is doing a worse job, but due to the fact that its ambition is so much higher. Should FK therefore revert to its old, largely output-oriented objective? Our conclusion is absolutely not. The current vision is not only inspiring and more in line with the Government’s intention of FK, but it can also help FK to become a truly unique and recognized feature in development assistance.

The following recommendations address the conclusions reached earlier in this report and should be seen in the light of assisting FK Norway on its path of reaching a more mutually satisfying and meaningful collaboration with companies, and a respected niche role among the tools of Norwegian ODA.

4.2 Contextualize FK’s goals and approach in contemporary theory

The shifts in FK’s stated emphases since the formation of the new FK in 2000 have been in keeping with contemporary thinking and analysis. The growing insight that collaboration with the companies is a path for delivering its vision of a just and peaceful world has been in keeping with the overall trend by the public sector to see the private sector not just as a revenue-generating engine, but also as a force of change in the world well beyond the generation of profits.

While this desire is explicit on the part of FK, the reasons for avidly pursuing this direction are not always fully clear inside the organization and in its communication with the private sector. The danger that this lack of clarity poses is an unconscious drift towards objectives which, although related to FK’s are not the primary goals of FK, rather those of more conventional aid (poverty alleviation, economic development for the poorest) or of the private sector’s (profit, employment and economic growth). Rather than seeking to identify where the synergies are between private sector objectives and FK objectives, there is a drift which, quite contrary to making FK seem contemporary and competitive, runs the danger of making it seem redundant. FK has its Theory of Change which is most useful as an internal tool for understanding the type of change it wishes to bring about and the dynamics of how this takes place. However, the model doesn’t appear to put FK’s approach in the context of contemporary theory or trends.

The following section briefly maps out a number of leading ideas which FK could use to ‘place’ its approach in the contemporary discussion. The benefit of having such concepts clear within FK is to avoid a drift which will ultimately not benefit FK, rather the reverse. It seems appropriate

that at the 50 year marker, FK Norway revisit its roots in the positive peace theory of Galtung and consider what new theoretical frameworks can help to explain the landscape it exists in today.

Economic Development & Peace

It is often assumed that economic development and peace/justice/human rights go hand-in-hand and somehow ‘happen’ gradually together. In practice, history and current economic development demonstrate how shaky an assumption this is. One does not necessarily follow from the other. Unjust economic development leads to marginalization and instability. The pursuit of fairness and human rights becomes an isolated cry in a situation where poverty and unemployment govern. Yet, these two ideas are inextricably linked, as the public sector’s move towards greater collaboration with the private sector globally suggests. Analysis by one of the South’s most respected think tanks, the Strategic Foresight Group/International Center for Peace Initiatives, is important because it makes clear efforts to present neither a northern nor a southern centric view, suggests that extremism which may be sanctioned by democratic means (as opposed to terrorism which is by definition an illegal act) could become one of the most destabilizing global forces of our time. Further, it argues that such extremism is not necessarily the result of extreme poverty, rather the result of exclusion in general. In particular, where transparent democratic traditions are weak people who feel excluded from political, economic and social life easily fall prey to propaganda. Yet, even in the North in countries where democratic traditions appear to be strong, extremism caused by xenophobia has increasingly crept into society and political systems. The need for forces which stand for an inclusive world is urgent. Economic development which does not exclude and which gives the largest number of people a fair opportunity through sustainable means is therefore of very great importance in order to avoid the logical conclusions of extremism which are the belief in an enemy and the march towards conflict.³²

In such a theory, forces such as FK Norway which, by their special engagement with companies and the exchange of young people whose hopes and dreams they support, can help to make economic development more inclusive, fair and sustainable. In this way it can play both a real and symbolically important role in counteracting what may be one of the most destructive forces of our time.

Competition to Collaboration

FK’s approach builds on a collaborative approach with business which reflects an overall understanding that the challenges it faces in achieving its objectives are interconnected with the challenges of business and cannot be solved by any one party. Furthermore, it reflects a generally growing conclusion on the part of both the public and the private sector that the nature of the issues faced by our societies today are cross-border and cross-sectoral, and that therefore running parallel, uncoordinated efforts is counter-productive. By connecting businesses in different parts

³² See the Strategic Foresight Group’s *An Inclusive World: In which the West, Islam and the Rest have a Stake* (2007, supported by the Royal Norwegian Ministry of Foreign Affairs) and *Global Security and Economy* (2008).

of the world through exchanges it also subscribes to the growing global consensus in business that collaboration must start to play a much greater role for both profit and sustainability; self-interest and acting in our own interests are no longer mutually exclusive directions. It can be argued that FK's focus on cultivating intercultural skills and with this the exercise of empathy among participants, is a critical contributor to laying the foundation of a collaborative attitude into the future. Some analysts argue that the growth of global empathy is in itself critical to solving the world's most pressing problems.³³

How collaboration should be pursued to maximize effectiveness and avoid pitfalls has become a subject of intense interest and debate. Some of the issues being raised include: clearly defining areas of collaboration to avoid chaos and over-work; including senior leaders to avoid parochialism; continuous learning, innovation and adjustment based on current data; sharing learning; having a common core to keep the collaboration moving.³⁴ FK could benefit its exchanges undertaken with business as well as its outreach to business by placing its activities more in the context of this ongoing debate.

Corporate Social Responsibility & Ethics

“...the Government has the clear expectation that Norwegian companies will also exercise corporate global responsibility when working in poor countries where standards are lower and the enforcement of laws and regulations is much weaker than in Norway. Among other things companies must have good social, environmental and governance (SEG) standards in place and respect workers' rights.”

In its February 2012 Paper, *Business creates development: what the Norwegian authorities are doing to promote private investment in developing countries*, FK Norway's governing agency highlights the importance it attaches to CSR and ethical standards for Norwegian business ventures in the South. In line with this, FK has adopted the goal of working with CSR in both Norwegian and Southern partner companies. In 2006, FK envisaged that the organization would address the exchanges in the context of CSR in companies more strongly in the future. This has not taken place to any extent. In none of the interviews undertaken with partners or participants has CSR spontaneously been brought up, and CSR does not feature to any extent in the collaboration agreements or in the company reporting. Applying companies seem not to see the FK exchange program as a means of explicitly strengthening its corporate social responsibility. Within the new strategy 2010-2014 with its shift from the participant to the organization, CSR is still missing. Thus, goal formulations in the collaboration agreements do not include CSR, but are focused usually on more narrow (but core) business development such as technology transfer, company growth, establishment in new markets, etc. There are exceptions when objectives are framed in broader, social terms, but these are few and not expressed as CSR.

³³ Jeremy Rifkin (President of the Foundation on Economic Trends, Washington D.C.), *The Empathetic Civilization: The Race to Global Consciousness in a World in Crisis*, (Polity 2009).

³⁴ Ben Hecht, “Collaboration is the New Competition” in *Harvard Business Review Blog Network* (10 January 2013).

CSR is itself an ongoing arena for debate and discussion among companies for which corporate social and environmental responsibility has become ‘core business.’ According to a 2013 survey of 1000 leading business executives globally, the private sector has reached a plateau in so far as its ability scale the global challenges to sustainability, which has been the key underlying concept of CSR. Various conclusions are being reached as a result of this including: new and innovative solutions are needed to align sustainability with value creation; companies cannot move forward in CSR without much improved collaboration with one another and with the public sector in order to address market and structural challenges. Of particular interest to FK is the following finding:

“Transformational leaders are approaching sustainability differently, providing a model for greater impact and value creation.....at its heart is a different approach, moving beyond reactive, incremental responses to external pressures and toward a new understanding of sustainability as an opportunity for innovation, competitive advantage, differentiation and growth.”³⁵

Through the process of the exchanges, FK could, by adhering closely throughout to its peace, justice and human rights goals itself assist companies in this desire to innovate for a new understanding of sustainability.

In so far as ethics, a field closely related to CSR is concerned, FK also has a potentially useful and important role to play in a number of ways. By monitoring the quality of exchanges through participants and companies they can simultaneously support institutional partners to make needed adjustments. By cultivating ideas about fairness among participants during the training period, FK contributes to strengthening individuals who can return to their home working environments and potentially create greater attunement with ethical practices.

Global awareness of the need for Change Agents

The idea of cultivating change agents is not one that has always been permissible as an explicit role, particularly for governments which cannot be seen to be infringing upon other nation’s sovereignties. However, as the global nature of the challenges the nations of the world face have become increasingly apparent, the idea of change agents has not only become permissible but also lauded by many world leaders. Widely acknowledged ideas such as “mobilizing for impact”³⁶ and ‘soft power’ in which people and cultural institutions (rather than governments) are seen as the main drivers of change in the world, means that if governments want to make any impact, they should be in the business of providing conditions and catalysts for change agents to step forward. The Nobel Peace Prize which is awarded by Norway is in itself an award for individuals who have created significant changes in favor of greater peace in our world.

FK works with a theory of change and says that it wants to bring about change. On the other hand, there continues to be a continued expressed hesitancy to grasp this role fully in the private

³⁵ *The UN Global Compact-Accenture CEO Study on Sustainability 2013: Architects of a Better World.*

³⁶ Bill Clinton, “It Takes a Village: How the world’s most influential change agents mobilize for action” (*Time*, September 30, 2013)

sector exchanges. Greater awareness of the context in which FK is working could provide increased confidence in moving ahead in this role.

4.3 Improve the quality of the FK portfolio relative to goals

Increase risk-taking for start-ups and social entrepreneurs

FK should increase its risk taking (in the sense of involving start-ups in Norway and in the South), rather than adding security nets. FK's strength is not organizational change, but creation of individual change agents. There is nothing to indicate that the potential agents are to be found in large, well established companies, but rather the opposite. What FK should avoid is corruption and ethical risks, and not shrink from acting on its zero-tolerance policy towards corruption where necessary.

Focus on businesses expressing an ambitious and innovative approach to social and environmental responsibility

During the internal workshop conducted by the evaluation the question emerged as to whether FK should be putting its energies to reaching companies which express an energetic approach to social and environmental responsibility (irrespective of whether they have CSR programs or actual company policies in place) or whether it should take a 'missionary' approach of 'converting' less thoughtful businesses. Although there were differences in opinion, FK staff at the workshop seemed to converge around the idea that forward-thinking companies were the most desirable ones to be engaged. From the perspective of maximizing effect in relation to goals as well as inspiring companies which may be less responsibly-minded to become more so, it is suggested that the conclusion of this workshop be accepted, and that FK adopt this focus, retaining the understanding that as a public agency it must be open to a wide range of queries.

Improve co-operation with other Norwegian aid programs

As noted previously in the project reviews in the evaluation, a number of collaborations have a direct or indirect link to other Norwegian development assistance projects. FK Norway is often used as an extension of such projects or as a complement. While synergies between different aid modalities in principle are worth pursuing, it is important in such collaborations that FK Norway does not become a means of automatically sustaining operations which otherwise would not have continued, but that FK undertakes a clear assessment of the merit of such collaborations prior to FK involvement. The ABF project reviewed among the Tanzania projects is a good case in point.

At the same time, FK Norway appears not to be a sought-after partner by the key players in Norwegian development assistance, such as Norfund. Nor does FK feature prominently on the agenda of a key player such as the *Veiledningskontoret* which has the mandate to support the Norwegian business community to access different forms of support. FK is seen as having a "reputation problem" among companies, more relevant to students who can undertake long-term exchanges, and therefore sometimes is not chosen as an option to suggest. FK needs to make

itself more visible and an active partner to other organizations involved in the Norwegian PSD support. Given that Norwegian aid is highly decentralized to the embassies, visibility and co-operation with these is also essential. Such communication can also focus on Norwegian enterprises already active in key countries in the South.

Reduce the aid focus

While there is a merit for a systematic collaboration with other tools and actors in the Norwegian PSD support, there is also a merit in partially de-linking FK from this. FK Norway has in some essential respects a role which goes beyond traditional PSD support, making it a particularly valuable tool for the Norwegian government: to create persons and companies that are ‘better’ global citizens and change agents for a more just world. FK should be an attractive partner to companies which otherwise would not be considered for Norwegian aid or consider themselves as beneficiaries of such aid. FK should be seen as a partner to companies in the frontier of such development.

4.4 Refocus the approach to business in relation to key objectives

In order to maximize FK’s fulfillment of its over-riding objective of fostering “leadership for global justice, creating change on the ground and in our minds,” and to halt the drift to more conventional growth and employment objectives where FK’s service is neither unique nor competitive, FK should undertake a strategic refocusing in which it addresses the following issues.

Create a theory of why it is beneficial for FK Norway to work with business

While the simple answer to this would be that there is an overall trend in development co-operation towards greater collaboration with business, and it is a stated goal of FK’s taskmaster, the Ministry of Foreign Affairs, FK should internally reconsider why business can be an important and successful vehicle for creating change and a more just society. This involves an internal FK ‘theory’ or understanding of the relationship between economic development and peace, among other relationships and concepts (see section 5.1 for elaboration on these). While this may seem an academic sort of undertaking it is vital to a credible approach to business which fulfills FK’s goals and could involve a reaching out to institutes/think tanks which could also play a role in improving FK’s follow-up service and increase FK’s stature.

Decide upon what key messages FK wishes to convey to business

FK currently reaches out to business with the very practical message that it can facilitate exchanges of staff between countries. While this message catches the interest of some companies, it isn’t powerful enough to attract widespread interest, particularly among Norwegian companies. Neither does this message reflect FK Norway’s ambitious goal, recognized by the best of companies as being of high importance in a world in which businesses can grow globally. FK Norway should reconsider its key messages to business, particularly in the framework of

developments in CSR. The perception that CSR is simply window-dressing must be overcome in order for a mutually productive process to be realized with businesses.

Decide upon how FK wishes to convey those messages

FK Norway is presently visible at a range of venues which are touch-points for business in Norway and in the South. It has some contact with public offices which are tasked with informing businesses of what state instruments are available to them for expanding their businesses, e.g. *Veiledningskontoret* and NHO, although collaboration is negligible. The latter relationships could be deepened, particularly as FK hones its message to businesses so that these offices perceive an increased relevance of FK. FK is itself aware that it must ‘get on the lists’ of important agencies that can raise their profile for companies. An awareness-raising campaign with clear awareness targets of the innovative possibilities that FK can offer companies is also a possibility. Mapping of critical points of contact with business by FK could be an important input to a strategic refocusing.

Overall, in order to reflect innovation and modernity in its approach, FK should re-evaluate the vehicles for delivering its messages through the web or by other means. In order to move businesses to engage with its program, FK should also consider whether there are other target groups it needs to reach in order to create a favorable reception of its offering and stimulate interest. One such group could be students at universities in Norway, for example.

The above questions were to some extent addressed at the internal workshop conducted by the evaluation (see Annex 5). This type of process might be continued in order to fully address the above issues.

4.5 Expand and improve monitoring and follow-up to maximize impact and live up to the vision

As our review of outcomes for participants shows, FK Norway has been highly successful in inspiring potential young change agents through its exchanges. However, the challenges of creating change for greater justice are very considerable whether in the North or in the South. Particularly in the South, young potential change agents may have difficulty finding like-minded allies in championing important causes, feel isolated, and easily lose momentum. This can happen both during and after the exchanges, as our interviews with participants have shown. Participants also have invaluable knowledge and experience when it comes to playing a leadership/initiator role in sometimes extremely challenging or even hostile environments. The evaluation therefore recommends the measures, below, in order to maximize impact in so far as change is concerned.

Create mechanisms for reconnecting with participants during the exchanges

Based on interviews conducted by the evaluation, the main suggestion from participants of how FK Norway could improve its exchanges is periodical contact with FK staff during the period of the exchange (e.g. every 3-4 months). This type of contact need not be construed as meddling in

company affairs, rather as a chance for the participant to discuss progress concerning FK goals. FK should consider how it could make this type of reconnecting with the participant possible. An added benefit is that this type of contact allows for quality assurance by FK and a brake on corrupt practices, in the sense that the participants are the first to be impacted by lack of transparency, as the evaluation discovered in a number of interviews. The attendant capacity issues within FK in creating this type of mechanism should be weighed up against the high potential benefits in effectiveness of the exchanges.

Create a mechanism or ‘academy’ for learning from and strengthening former participants in their change agent role.

While viewed as a pleasant close to the exchange year, the two-day follow-up to exchanges which FK currently runs are insufficient as a means of maximizing learning from experiences and encouraging participants in their ongoing efforts to bring about change. At present, FK has a heavy front-end approach to its process (extensive feasibility process, extensive pre-exchange training), which could benefit from being balanced out so that more significant effort goes to increasing the likelihood of potential impact concerning justice and human rights from the seeds planted by the exchanges.

Having a stronger and more coordinated approach to alumnae of exchanges, distilling and spreading their learning, as well as continuing to strengthen their role could also increase the standing of FK as an agency which is a serious player in bringing about change for a better world. Companies concerned about CSR could find association with such an initiative attractive, and young people could be more inspired and determined to encourage their employers to approach FK.

From both the perspectives of impact maximization and FK’s stature in the perspective of companies and potential participants, we suggest that FK consider going beyond its current follow-up to create a vehicle for organized learning and capacity building concerning the change agent role. For practical purposes, we are calling this vehicle an Academy, which is envisioned at various levels including:

- 1) A physical annual or biannual meeting approximately two weeks in length in which various organized opportunities for learning and capacity building take place;
- 2) An online training/capacity-building facility
- 3) An information service providing participants with links/contacts to other sources of specific information and capacity building concerning their specific field of change agent interest.
- 4) A certificate for achieving the objectives of the Academy

Point 1 and 3 above would rely on FK creating/drawing upon a network of other organizations in the world with similar or related goals. The target group for the Academy is former participants,

although FK could consider whether companies and academics might also be considered as additional ‘target group’ categories. The specific subject matter for capacity building/training would be derived from interest areas elicited by participants in interviews and surveys, eg. Leadership, social entrepreneurship, transparency, labor laws, etc.

Important to note is that the idea of the Academy adds to Norway’s standing and credibility in the world as the home of the Nobel Peace Prize and a country that has played a prominent role in the world in conflict resolution and human rights.

Questions to be answered for the establishment of such a facility might include:

- 1) Distil areas of learning and challenge concerning the change agent role from FK Norway participants. See the tag words extracted from interviews of participants in Section 3.4 for early ideas.
- 2) What organizations/expertise/resources exist in Norway and elsewhere in the world, including in the South, that could help to address these challenges, advise on the provision of training/capacity-building, and be a resource for participants?
- 3) What ‘course modules’ does the online and physical academy consist of, i.e. what can be learned on-line and what can be learned during the 2-week physical meeting?
- 4) Who will be invited to participate in the Academy aside from former exchange participants and in what way? How will these invitations be extended?
- 5) How will the Academy be managed within FK so that it gets a high priority inside the organization?

The evaluation suggests that responsibility for the academy be placed under the category of training and managed by this portion of FK’s operations, which would in this case need to be strengthened, although it is suggested that some resources be shifted from the preparatory training to the academy.

Overall, FK would gain in effectiveness by shifting the focus on quantity of exchanges (how many per year) to quality of each exchange or participant, including shifting its budget resources along such lines.

4.6 Professionalize in-house results management and focus on indicators clearly related to overriding objectives

Establish in-house evaluation capacity

FK should establish an in-house evaluation function that can take a closer look at certain projects, for example the larger ones in financial terms or projects with an interesting thematic orientation. Such a function is essential not only for FK’s learning, but also for accountability. For example, our ability to penetrate the largest projects in the Tanzanian portfolio, ABF, was very limited as it is spread on different organizations in a number of countries with many sub-projects. We suggest that FK establishes a one-person Evaluation Unit with a budget to allow external support. This Unit should establish a yearly Evaluation program, which, in co-operation with the management,

identifies projects that should be reviewed. Such a function should report directly to the head of FK.

Establish project files for institutional memory

FK has a large portfolio of projects given the size of the organization. It has also a good system to retrieve information from the collaborations as evident in this evaluation in which several hundred documents were provided to us within short time, including contact details of partners and participants. The information system is, on the other hand, quite fragmented in terms of various documents per project. To strengthen the institutional memory of FK it would be desirable to establish a simple project file for each project, summarizing key facts, and especially performance. Such a file could include conclusions of results, key issues, etc. for the on-going institutional learning of the organization. It would facilitate the transfer of responsibility from one staff person to the next..

Identify indicators that reflect FK's goals

FK Norway is currently working on improving its reporting, moving away from activity-oriented reporting to results-oriented reporting. While this is most certainly to be encouraged and praised, choice of measurements which reflect FK Norway's most important goals and the scope of its instruments (i.e. exchanges) must be borne in mind. These measures may not be the same as those for conventional aid. In fact, several indicators for conventional aid may be totally inappropriate for FK and misconstrue results as is the case for indicators concerning employment creation. By contextualizing its activities in state-of-the-art theory, as is suggested in recommendation 5.1, FK could come up with indicators that are more appropriate and useful.

Measure increase in skills that reflect 'mind change'

FK's theory of change states an expectation that for change to take place there should be "change on the ground," partly as reflected in the transfer of technical skills. The other and, given the findings of this evaluation, arguably more important hoped-for change is "change in the mind" which the theory suggests is a non-skills related change. The evaluation believes that as "change in the mind" is such a consequential part of what FK's exchanges hope to and seem to achieve, it is equally important to identify how this type of change is expressed, including through skills. During interviews with participants for this evaluation, questions were asked concerning improvements in so-called 21st Century Skills (widely used by several organizations including, among others, Microsoft Network and Ashoka to explain the types of skills individuals will need into the future) which include capacities such as communication, creativity, teamwork/group problem-solving, empathy/compassion and leadership/initiative-taking. FK Norway also provided the evaluation with an opportunity to include some questions about 21st century skills in its autumn 2013 survey with former participants. Monitoring the development of these types of skills and deriving indicators to be able to know whether such type of development has taken place could open up an innovative means of measuring mind change.

Incorporate unexpected results into measurement

The stories that FK staff enjoy sharing concerning exchanges often highlight the fact that development is not linear and that sometimes, and not infrequently, the most important results relating to FK's overall objectives have to do with unexpected results of an exchange. This is more-so the fact in FK's case in which it tries to stimulate change among young people who react in many unexpected and creative ways to their exchange experience. As there are several factors that can contribute to such unexpected results they are often discussed off-the-cuff and their importance not properly incorporated into results measurement. The nature of FK's work with young people suggests that such stories should be given greater weight and the attention to analyzing what they say about FK's efforts increased.

Professionalize the use of narrative in results management

FK frequently highlights the stories of partner companies and participants on its web site, in its publications and now for its 50th Anniversary celebrations. These stories are used to explain the type of change that can take place through exchanges. While the stories are frequently used in a public relations/marketing perspective, it is unclear to what extent they are integrated into results management. In results management overall, there is a natural suspicion that using stories risks bringing in non-objective views, meaning that points delivered in the story cannot be regarded as a proper 'result.' Today the science of how stories are used to gain insights has progressed significantly. FK Norway could make an innovative contribution to results management and serve its own purpose of measuring results more carefully, by drawing on the various professional resources available for how to theorize from narrative. Such resources can be found at, among other institutions, Stockholm University's Department of Education.

4.7 Facilitate a better collaboration with businesses during the exchanges

Emphasize guidelines on vetting participants

In the shift of its attentions from individuals to institutions, FK may have left behind an important element in maximizing the effectiveness of its exchanges: this is ensuring that companies include the most qualified and best suited participants for the exchanges. FK has printed information for companies which provide guidelines for how to vet participants, but during its feasibility phase work chooses not to take this up so that this information becomes lost. Norwegian companies frequently find that they need to hire/bring in participants from outside their organizations to make the exchanges work for them. The evaluation does not see a particular problem with this in relation to FK's overriding goals, as long as a proper vetting process takes place. Quality control of participants can easily be lost if companies are scrambling to find participants to make the exchanges work. Bringing in the best candidates for the exchanges creates a greater likelihood of companies wanting to retain the individual hired for the exchange past the FK contract period.

Facilitate greater clarity and ease concerning practical aspects of exchanges

Companies which have undertaken the exchanges attest to the fact that they are a major managerial commitment and require extensive resources, beyond those provided by FK to manage. This can be off-putting, particularly for smaller companies with meager resources, which appear at present to be FK's focus group. Companies which have had experience of FK exchanges frequently comment that more professional advice, information and assistance should be provided concerning accounting systems, taxation and visas. Having experienced FK's presentation about these issues at a feasibility stage meeting of companies, the evaluation would agree that more precise information could be provided concerning such issues which require unnecessary repeated effort on behalf of the companies.

4.8 Should FK target specific sectors, size of companies etc?

A key point in the Terms of Reference for this evaluation is to determine whether FK should target certain sectors, such as ICT, or certain sizes of companies to achieve good results. We have earlier supported the idea that FK might focus on companies in the forefront of being global citizens. In terms of size and sectors, on the other hand, such targeting is unlikely to add to FK's effectiveness of several reasons: First, demand factors from the business sector will determine the interest in engaging in exchange, indicating, for example, that knowledge-based service industries are likely to be more interested to engage than large-scale manufacturing enterprises. Second, it is very difficult to predict in which company leadership for a just world might emerge; it is largely dependent on leadership. Third, as argued in this evaluation, at the participant level potential change agents can emerge almost independent on the context, and possibly in contexts perceived as least conducive. Fourth, in business context, 'picking winners' is a notoriously difficult exercise. Rather than such targeting, we argue to FK Norway should enhance its profile as a highly attractive partner to the business community for its provision of an exchange program which build strong, professional competence among young staff (or potential staff) in 21st century skills.

ANNEX 1: TERMS OF REFERENCE

ANNEX 2: THE PSD PORTFOLIO

Yellow marked are projects included in Tanzanian portfolio and other selected project reviewed.

Main org.	Main partner	Type	Org.	Where	Sector
Ablecon	Norway	FS	SME	Uganda	ICT
Agri business Forum	Zambia	SS	NGO	Malawi, Uganda, Tanzania	Agriculture
Alpha & Omega	Norway	FS	SME	India	ICT
Animalia	Norway	FS	NGO	Uganda Philippines, Vietnam, Cambodia +	Agriculture (meat)
Asian Women in coop. dev forum	Philippines	SS	NGO		Cooperatives
Autobyrået	Norway	FS	SME	Kenya, Ethiopia	Metal scrap
Be Better Moss	Norway	FS	SME	Uganda	ICT
Bokkompaniet	Norway	NS	SME	India	ICT - book publishing
COWI	Norway	NS	Large	Malawi, Botswana	Consultancy
Debio	Norway	NS	SME	South Africa	Agriculture, certification
Kongl selskapet	Norway	NS	NGO	Botswana Laos, Bhutan, Cambodia, Sri Lanka	Agriculture (education)
Earth Net Foundation	Thailand	SS	NGO		Agriculture
Ekeby Gård	Norway	NS	SME	South Africa	Agriculture; goats
Ekro	Norway	NS	SME	South Africa	Boat production
Embla Software	Sri Lanka	FS	SME	Norway	ICT
Energy Saving International, ENSI	Norway	NS	SME	China	Energy - consultancy
Escenic	Norway	NS	SME	Bangladesh, Thailand	ICT ICT- Mobile applications
Eurobate	Norway	NS	SME	Colombia, Guatemala Namibia Tanzania - changed to Ethiopia	Tourism
Excellent travels	Norway	FS	SME	India, Bangladesh	Crafts
Fair Trade Group Nepal	Nepal	SS	NGO	Malawi	Fisheries
Flore kommun	Norway	NS	Govt		
Friends Fair Trade	Norway	NS	SME	Tanzania	Agriculture (Coffee) Fishery - Tilapia farming
Genomar	Philippines	SS	SME	Angola, China, Norway	
Gjennestad Gartnerskole	Norway	NS	NGO	Uganda Kenya, Colombia, Uganda, India	Agriculture SME business development
Global entrepreneurs	Norway	NS/SS	NGO	Tanzania, Mozambique, Uganda	Forestry
Green Resources	Norway	NS/SS	Large	China	Waste treatment
Höst	Norway	NS	SME		
Husk power systems	India	SS	SME	Tanzania, Uganda	Energy (bio waste)
Intech	Norway	NS	NGO	South Africa Cambodia, Malawi, Zimbabwe, China+	Business development
Interconsult	Norway	NS/SS	SME		Consultancy
Inter. Network for Bamboo & Rattan	China	SS	NGO	Philippines, Mayanmar	Crafts

Isandi	Norway	NS	NGO	Namibia	Fair trade
Jakobsen Electro	Norway	FS	SME	Ghana	Engineering
Jiffy	Norway	NS	Large	Sri Lanka	Agriculture
Jofi engineering	Norway	NS	SME	China	Water resource management
Malte Winje	Norway	NS	SME	China	Engineering
MIDEM	Madagascar	SS	NGO	Thailand	Fisheries (Tilapia farming)
Multiconsult	Norway	NS	Large	Nepal	Energy (Hydropower)
Nepal production	Norway	NS	SME	Nepal	Fashion, ethical trade
Nofima	Norway	FS	Govt	Brazil	Agriculture and fishery
Norconsult	Norway	NS/SS	Large	Mozambique, Laos Tanzania, Botswana +	Consultancy
Norfund	Norway	FS	NGO	Sri Lanka	ICT
	Norway	FS	Govt	Angola	Finance
Norplan	Norway	NS/SS	Large	Tanzania, Uganda	Consultancy
Norsk form	Norway	NS	Govt	Uganda	Design
Norsk Hydro	Norway	NS	Large	South Africa	Fertilizers
Norwegian Forestry Group	Norway	FS	SME	China	Forestry
Norwegian Univ. of Life Science	Norway	NS	Govt	Tanzania	Agriculture
Os Skog	Norway	FS	SME	Madagascar	Forestry
Poseidon	Norway	FS	SME	Nigeria	Marine technology
Prediktor	Norway	NS	SME	China	ICT
Project Haiti	Norway	NS	SME	Haiti	Bakeries
Ravinala reiser	Norway	NS	SME	Madagascar	Tourism
Re-turn	Norway	NS	SME	South Africa	Marine technology
Scana Steel	Norway	NS	SME	China	Steel products
Scancem	Norway	NS	Large	Tanzania, Togo, Angola, Gabon, Benin +	Cement
Semco	Norway	FS	SME	Botswana	Consulting
SITS Consulting	Norway	NS	SME	India	ICT
Slåttland mekaniske	Norway	NS	SME	Vietnam	Mechanical engineering
Sogn Hag och jordebrukskole	Norway	NS	Govt	Tanzania	Agriculture (goat)
Soria Moria Boutique hotel	Norway	NS	SME	Cambodia	Tourism
Sri Lanka Eco tours	Sri Lanka	SS	SME	Laos	Tourism
Steinsvik gruppen	Norway	FS	SME	Vietnam	Engineering
Sterling Travel and Tours	Ethiopia	SS	SME	Tanzania	Tourism
Stromme Foundation, Asia	Sri Lanka	SS	NGO	Bangladesh	Micro finance
Stromme Foundation, East Africa	Uganda	SS	NGO	Tanzania, S. Sudan, Kenya, Bangladesh	Micro finance
Sunlabob renewable energy	Laos	SS	SME	Cambodia, Nepal, Ethiopia, Tanzania	Renewable energy
SYSCO	Norway	NS	SME	Peru	ICT
Thyr egendom	Norway	FS	SME	Malawi, Zambia, Zimbabwe	Agriculture
Tomra	Norway	FS	SME	Colombia	Engineering
Uganda Community Tourism	Uganda	SS	NGO	Kenya, Ethiopia	Tourism

Assoc.

Uganda Home Pages	Uganda	SS	SME	Kenya, Tanzania	ICT
Uganda Capacity Development Centre	Uganda	FS	SME	Uganda	Vocational training
Ungt entreprenörskap	Norway	FS	NGO	Uganda	Business development
Veidekke	Norway	NS	Large	Tanzania	Construction

ANNEX 3: THE TANZANIAN CASE PROJECTS

Below, the 15 PSD projects in FK's portfolio involving Tanzania are described in alphabetic order.

Agri-business Forum

The Agribusiness Forum (ABF) is a private, non-profit, membership organization dedicated to strengthening Zambian agro and agri-industrial competitiveness through programs which highlight local, regional, and international trade and development potentials as well as broad issues which encompass several individual agribusiness sectors. ABF was established in 1998 and represents the interests of private sector companies and farmer associations directly or indirectly linked to contract farming. The ABF was set up to work with Government and other stakeholders to promote the development of a viable out grower sub-sector in Zambia that could enable smallholder farmers to participate in the production of cash crops to which value could be added for local and export marketing for profit. One of the early major initiatives of the ABF was the NORAD funded Support to Farmer Associations Project (SFAP). It was a 4-year project that started in 2000 and ended in 2004. A phase out period of one year was approved by NORAD to transform the project into a secretariat of the ABF.

The FK Norway collaboration began in 2006 through a South-South program with ABF as the primary partner. It included research institutions and farmer associations in Uganda, Malawi, Tanzania and Zambia as secondary partners. The FK project was a continuation of a Business Experience Exchange Program (BEEP) between these organizations which had been funded by the Norwegian government through the Norwegian NGO *Norges Vel* since 2003. In 2006 the funding from these sources was ended as FK Norway took over. The ABF project is now on its 5th agreement lasting to 2015 with all together nine organizations participating. Among Tanzania ABF's partners are Moshi Cooperative College and the Tanzania Federation of Cooperatives. Those were also the partners in the BEEP. ABF, which has a small secretariat of 5 professionals, is partly funded by subscriptions, but mostly through external projects such as the FK Exchange.

The objective of the exchange has since the beginning of the program been: *strengthening organizational capacities of participating rural producer organizations and research institutions, through research, technology transfer, production and marketing, which contribute to increased smallholder farmers' incomes and poverty reduction*. The subject matters have varied during the rounds and include a broad range such as marketing, micro-finance, resource management, farmer training, extension services, food security, nutrition and quality control. By the end of 2015, about 50 persons would have participated in the exchanges at a total FK budget of about NOK 14 million.³⁷ This makes ABF the largest FK project in financial terms involving Tanzania. ABF is also one of the largest projects in the PSD portfolio in total. The reporting by ABF is overall very positive to the exchange, claiming the exchange has contributed to professional

³⁷ USD 2.7 million

development of the participants and organizations. Interviews with the Tanzanian partners indicate that the partners plan the exchange to fill gaps in know-how in the organizations on different subject matter. Despite the size of the project, FK Norway has not undertaken any mid-term review of it, nor is any other review of ABF available. This is notable, particularly as ABF is a 15-year old activity, and Norwegian aid has largely funded ABF since its inception. ABF intends to approach FK Norway for a review of its performance in the program, but this has so far not been done.

It is extremely difficult to determine if the exchange has any impact on the cooperative business, given how spread that system is, and even less possible to determine impact on farmers. The image of the cooperative movement in Tanzania is not the best to quote from a paper:

*For many people in Tanzania, coops are seen as stuck in the past, unable to cope with modern economic realities. Far from being models of member self-empowerment, their image is tarnished by poor administration and leadership, poor business practice, and by corruption...*³⁸

At Moshi College, it is reported that the academic level of the institution has been raised through the exchange, with more students pursuing PhDs. The FK Exchange has become a central feature of the work of the partner institutions.

Excellent Travels

In 2001 FK Norway approved a feasibility study by Excellent Travels, a Norwegian travel agency, to explore potential partnerships in Namibia and Tanzania. Prior to beginning of the study, Excellent Travels suggested a change of country from Tanzania to Ethiopia. This was approved by FK Norway, and a visit was made to Ethiopia by Excellent Travels, but no return visit took place as Excellent Travels had lost interest. Excellent Travels is thus, from a Tanzanian perspective, a failed attempt. No follow up has been made by the evaluation of this project.

Friends Fair Trade

Friends Fair Trade is a Norwegian non-profit organization importing and selling 'fair trade products' in Norway on-line and in a shop in Oslo. It is a small organization with a few employees, established in 2006. In 2012 FK Norway supported a feasibility study concerning potential co-operation with a Tanzanian partner, Wild Tracks. Based on this study, an FK collaboration was initiated in 2013 for three years involving 6 persons with a budget of NOK 2.8 million. Wild Tracks, established in 2007 and based in the Kilimanjaro region, is a small enterprise, involved in coffee processing from a local coffee producer group as well as safari tourism in the Kilimanjaro area. Wild-tracks is owned and run by a Norwegian – Tanzanian couple. The purpose of the exchange is marketing of Wild-tracks fair trade coffee in Norway. The contact between Friends Fair Trade and Wild-tracks had been established a few years prior to the

³⁸ A. Bibby (2006) *Tanzania's cooperatives look to the future*

exchange when the latter company searched partners for coffee marketing in Norway. The first exchange is now on-going. The experience from the participants seems very positive within a tightly knit network and with the skills-base fitting the host organizations. Wild Tracks sees the exchange as crucial in developing a new market for its fair trade coffee. The results of the project, however, are yet too early to determine. The Fair Trade movement overall is a clear match with FK Norway's social responsibility objectives.

Green Resources

Green Resources is a Norwegian company in forestry with its operational base in East Africa. It is today one of Africa's largest plantation companies, also involved in the carbon offset market as well as operating a major saw mill in Sao Hills in Tanzania. Green Resources has previous engagement in a NORAD saw mill project in the 1970s in Sao Hills. FK collaboration with Green Resources started in 2008 through a feasibility study, followed by a North-South and South-South exchange 2009-2012 with two rounds involving 14 persons. The partners in the South are Green Resources subsidiary companies in Tanzania, Mozambique and Uganda. The purpose of the project was to: *strengthen the common business culture, improve communication and common understanding, and give young employees professional experience for a career in the Green Resources group of companies, as well as sharing of technical expertise*. FK's contribution was NOK 5.1 million.

According to our interviews, their reporting and official statements by its owner and leader, Mads Asprem, Green Resources has positive experience of the collaboration. Persons interviewed who have participated in the exchange support the positive views expressed by the company: the exchange has strengthened skills, improved languages (English and Swahili) and overall has been a 'life changing experience'. The collaboration ended in 2012 as the office in Oslo is very small (too small to fulfill FK's criteria of 5 persons) and the company perceives that it is not meaningful to continue with a North-South exchange. (The head office is in London and the Oslo office is only temporarily manned). There are discussions between FK Norway and Green Resources concerning a continuing South-South exchange (which was part of the past program). This will require a new feasibility study as FK Norway will have a new contract partner. No proposal for such a study has yet been submitted, but, according to the company, will be made soon. The Green Resources project stands out as well functioning exchange involving a large Norwegian company with positive development results both at company and individual level, and a respected leader which in official meetings expresses his very positive attitude towards the FK exchange.

Husk Power Systems

Husk Power System is an Indian company engaged in biomass-based power plants. It is based on a technology using gasification to convert agricultural residue procured from local farmers into electricity, which is then distributed to rural households and micro-enterprises through a micro-grid system. The company has a strong social entrepreneurship profile and has extensive support from the Shell Foundation. The co-operation with FK Norway began in 2012 with a three year South-South exchange program to involve 12 persons with an FK budget of NOK 2.7 million. Husk Power System's partners were Jamii Power in Tanzania and the Makerere University in Uganda. A background to the FK Norway project is the Nordic Climate Facility project, Sustainable Renewable Energy Businesses in Uganda, which started in 2011 through co-operation between several Norwegian institutions (Norges Vel, NHO and the Norwegian University of Science and Technology) with Husk Power System and Makerere. Norges Vel suggested that Husk power utilize the FK exchange. Husk Power System is also supported by the challenge fund Africa Enterprise Challenge Fund (AECF) for its endeavor to establish itself in Africa. It was through AECF that Husk Power came into contact with Jamii Power. The purpose of the FK program is that Husk Power System wants to establish its technology for rural electrification in East Africa and is keen to identify companies that can act as agents for Husk Power System and provide needed services.

We had an unfortunate start with interruption of the exchange with Tanzania. In Uganda it works well. Perhaps Husk Power has not gained that much so far, but the participant from us has clearly gained in terms of language skills, knowledge of East Africa and self-confidence. He will be useful to us in the future.

Jamii Power is a small company established in 2012 for the purpose of developing a new technology for community power based on an innovation by the entrepreneur/owner. No sooner than the first round of exchange commenced, than Jamii Power ceased to exist. The entrepreneur reputedly left for Canada due to family reasons without informing Husk Power System or the Jamii participant, who at that time was on exchange in India. The exchange with Tanzania was interrupted after about 7 months. The Husk

Power System project is on-going and the collaboration with Uganda appears to function well. Husk Power System has established a small sales office in Tanzania, and through this, identified a new partner for the FK exchange in the second round, called Space engineering, a company involved in brick-making of biomass.

Norconsult

With its origins in the 1920s, Norconsult is a leading Norwegian engineering consultancy company. The Norconsult Group, which has a staff of 2,500 persons, has subsidiaries in several countries. A collaboration agreement with FK Norway was signed in 2002, but with various delays, the exchange program did not start until 2005. Co-operation continued to 2011. It has involved North-South and South-South exchanges within the company group with subsidiaries in

Botswana, Chile, Kenya, Laos, Mozambique, Peru, South Africa, Tanzania and Vietnam.³⁹ The main objectives of the exchanges were: *to develop younger staff for international professional work, improve the understanding of working in different cultures and improve the knowledge and communication between home office and the international offices as well as between our international offices in Africa*. In total, 25 persons have participated in the exchange, all staff of the company group. In total, FK's agreements with Norconsult amount to NOK 7million.⁴⁰ The exchange program was called Norconsult Young Professional Program. Tanzania was not part of the last exchange due to the closure in 2008 of the Tanzanian subsidiary. A contributing reason was an alleged corruption case involving the company in a World Bank contract on a water and sanitation project.⁴¹ The reporting by the company and FK's mid-term review indicate a well-functioning program for both the companies and the participants. During the evaluation it has not been possible to establish contact with Norconsult, or the persons participating in the exchange.⁴²

Norplan

In 1971 the large Norwegian engineering consultancy Multiconsult and Asplan Viak created a joint venture called Norplan for work on external markets. Today Norplan is a leading engineering consulting company globally in infrastructure development such as hydropower, oil and urban planning with some 2,200 employees. Norplan's collaboration with FK Norway began in 2002 and has involved the Norwegian mother company and its subsidiaries in Uganda, Ethiopia and Tanzania. In total, the FK collaboration has included 5 rounds between 2002-2012 of both North-South and South-South types with the four partners.⁴³ All together about 20 persons have participated in the exchange. The FK budget for the project is about NOK 7.5 million. The objective of the exchanges has been to strengthen the corporate identity between the partners and their staff and to increase the awareness and knowledge of the other partners' culture among the employees in the partner firms. Similar to Norconsult, the exchange program has been called Norplan's 'Young Professional Program'. The exchange with Norplan Tanzania, is now over on the initiative of FK due to the fact that 5 rounds have been undertaken. However, the collaboration is continuing through Norplan's mother company, Multiconsult, in an exchange involving Nepal (see below). According to the company reporting and our interviews, Norplan sees the FK exchange as an essential input into building professional capacity in a wide sense among young staff. Persons can quite easily be used in host company projects, utilizing their special skills. Norplan Tanzania has as deliberate policy to have an open, interactive approach to

³⁹ Different constellations in the various rounds.

⁴⁰ Not all of this was paid out due to the delays initially.

⁴¹ Norconsult Tanzania was a member of a joint venture which won the contract, allegedly by bribing Tanzanian officials. In 2011, the corruption case was put before the Norwegian Supreme Court. Norconsult was acquitted in June 2013 by the court from the corruption charges. (Illegal payments had been made by another member of the JV). Norconsult has claimed in media reports that it pulled out of Tanzania due to the wide-spread corruption in the country.

⁴² E-mails to the FK contact persons in Norconsult and to the participants in the Tanzania exchange have either bounced or been left unanswered in spite of repeat requests.

⁴³ The exchange has not been between the four partners throughout. For example, initially it was with Uganda only, and in the last rounds, Ethiopia was not a part. Tanzania was a partner in three of the rounds.

its business, in which the FK exchange has fitted well. The Norplan project must be considered a well-functioning exchange both for the company and the participants. Given the size of the company group, the FK exchange is unlikely to have had a profound impact on the development of the company, rather should be seen as a complement to the group's human resource development. The management of Norplan Tanzania expresses strong support of the FK exchange as an effective program for company and personal development.

Norwegian University of Life Science (UMB)

In 2009 UMB initiated an FK collaboration with Sokoine Agriculture University in Tanzania for a five-year period with Noragric, a part of UMB, as the lead. The FK Norway collaboration is implemented in the context of two major development assistance projects financed by the Norwegian Embassy in Dar es Salaam⁴⁴ with Noragric as the implementing organization and involving the Sokoine University. The projects concerned value chains and climate mitigation in animal husbandry. The relationship between the universities goes back 40 years in the context of Norwegian funded development assistance projects. The FK exchange project is named Integrated Small Ruminant Production Systems for Improved Livelihood and Reduced Emission of Greenhouse Gases, and is focusing on small-holder dairy goat-farming in the Morogoro highlands and the Lake Manyara region of Tanzania. The project has a strong research focus, but with a practical implication in efforts to enhance the profitability for smallholder Tanzanian goat-farmers through value chain development. For example, it promotes the use of goat milk which is not a Tanzanian tradition. There is also a public-private-partnership (PPP) element, involving companies such as Yara in the collaboration. The FK exchange program can be seen as a small

We recruit external persons for the exchange through advertising as we have few suitable candidates at UMB. There is a considerable demand to participate and it is time-consuming to select. The impact of the exchange is particularly on the Tanzanian parts. Participants clearly feel empowered and with increased self-confidence as a result of the exchange. We feel the FK exchange is quite useful and would like to continue.

add-on to the Embassy funded projects, yet is considered a unique feature as it allows long-term exchange of persons from the two universities which is useful for capacity building, especially in Tanzania. In its mid-term review, FK Norway as well as the participants interviewed, have raised the issue of ownership of the project at Sokoine university. The FK exchange is foremost used as a means to facilitate individual research projects for PhDs and Masters degrees in the context of the broader program. FK's role for promotion of private sector development is

difficult to trace.⁴⁵

⁴⁴ Norwegian development assistance is for its largest part delegated to the Norwegian embassies in different partner countries.

⁴⁵ At the outset of the evaluation, there was a debate in FK whether or not this project should be included in the master-list. It is, nevertheless, a clear agriculture project which FK in its statistics include in PSD.

Scancem International

Originally, Scancem was a Norwegian-Swedish joint venture with its head office in Oslo. In 1999 the company became a subsidiary of the German multinational Heidelberg Cement, one of the world's largest manufacturers of building materials. Heidelberg Cement currently employs 52,000 people in around 40 countries. The group has operated cement factories in Africa since the 1960s. Scancem and FK Norway began collaboration in 2004 through a North-South exchange involving Angola, Benin, Gabon, Ghana, Nigeria, Tanzania and Togo. In all the countries the collaborating partners were subsidiary companies of Scancem/Heidelberg Cement. 13 persons participated in the exchange 2004-2005 with a total FK Norway budget of NOK 2.6 million. The exchange was linked to a program in Scancem called the *Academy Candidate Program* with the aim of preparing young staff in the Scancem group for higher positions in the company. After 2005 Scancem did not pursue further collaboration. Scancem's reporting from the two rounds is positive both concerning the company and the participants. The Tanzanian partner, Twiga Cement, is today a major Tanzanian company listed in the Dar es Salaam stock exchange. We have not been able to establish contact with Scancem, Twiga or with any of the participants.⁴⁶

Sogn Jord- og Hagebruksskule (SJH)

SJH is a Norwegian vocational school with a focus on organic farming. In 2012 SJH received funds from FK Norway to carry out a feasibility study concerning potential collaboration with the Kizimbani Agricultural Training Institute in Zanzibar (KATI). Kizimbani, which is part of the Ministry of Agriculture, Livestock and Environment in Zanzibar, is a centre for consultancy services related to agricultural development activities and in-service training to the agricultural extension staff and farmers. The study was followed by a collaboration agreement with FK for a North-South co-operation over 3 years (2013-2015) involving 4 persons with the purpose of adding value for small scale farmers with a focus on dairy goats. The collaboration will be linked to the program undertaken by the Norwegian University of Life Sciences/Noragric and Sokoine University of Agriculture (see above). The FK exchange collaboration has been the result of an initiative taken by Noragric and has a clear logic, given UMB's dairy goat farming involvement in Tanzania. No review of the project has been undertaken in this evaluation as the exchange has yet to start.

Sterling Travel and Tours

The Ethiopian company, Sterling Tours and Travel, is an agency involved in issuing air tickets and arranging safaris, historical and culture site-seeing and eco/cultural tourism. A collaboration with FK Norway took place in 2006 – 2008 as a South-South exchange program with the Tanzanian partner Interline Travel and Tours. The purpose of the exchange was to develop the tourism industries in both countries with a focus on eco and cultural tourism. The exchange

⁴⁶ The e-mails sent to the company and to participants either bounced or were left unanswered. Also effort by FK to establish contact failed.

involved 4 persons in two rounds with an FK budget of NOK 0.5 million. Interline Travel and Tours was specialized in providing travel services in East Africa to the Tanzanian Government, World Bank and other organizations on a tender basis. Sterling was a partner to Interline prior to the exchange, hence the idea of an FK collaboration. Interline travel, which since 2000 had a staff of 30-40 persons with offices in different parts of Tanzania, is today defunct, partly due to the global financial crisis in 2009 when the Tanzanian government, Interline's main client, allegedly stopped paying its debt to the company. The Tanzanian participants in the exchange are continuing in the tourism industry in other companies. The entrepreneur behind Interline is today in real estate investment and is also acting as an adviser to the government in tourism. It appears that the exchange was to some extent opportunistic, as Interline Travel and Tours had little interest in branching off to safari-style operations. The FK project was, as far as Interline Travel goes, a failed attempt for business development at organizational level.

Stromme Foundation (SF)

SF is a Norwegian development organization involved in micro-finance and education projects through local NGOs and community-based organizations in Africa, Asia and Latin America. It has an independent regional office, Stromme Foundation Eastern Africa, operating out of Kampala. Stromme also has a specialized micro-finance company, Stromme Micro-finance East Africa, established in 2004 and providing intermediary funding of micro-finance institutions (MFIs) in the region. Stromme's first collaboration in Africa with FK Norway was in 2004 in a South-South exchange involving SF East Africa and 8 NGOs in Kenya, Tanzania and Uganda as well as SF's regional office in Sri Lanka. New FK agreements have been made every year since 2004, and SF East Africa is now on its ninth round (2012-2013). Altogether about 65 persons have participated in the exchange, with an FK budget of NOK 12.5 million.⁴⁷ The partners have varied both in terms of countries and organizations, involving Tanzania, Uganda, Kenya, Rwanda, Sudan and South Sudan. All together 12 NGOs in Tanzania have been partners to Stromme since 2004, of which the following 8 NGOs have a clear micro-finance profile:

<i>Organisation in Tanzania</i>	<i>Acronym</i>
Foundation for International Community Assistance (FINCA)	A leading global MFI, sometimes called the World Bank of the poor. One of the largest MFIs in Tanzania. FK exchange took place 2005-07
Promotion of Rural Initiatives and Development Enterprises (PRIDE)	A significant MFI in Africa with a branch in Tanzania established 1994 and today with 30,000 clients. Participated in the FK Exchange 2006-2009.
Small Enterprises Foundation (SEF)	This MFI, participated in the FK exchange 2004-05. SEF has now closed down.
Youth Self Employment Foundation (YOSEFO)	A Tanzanian NGO established in 1996 out of an ILO project on youth. It is specialized in micro-finance and other similar lending. It is based in Dar es Salaam focusing on the eastern part of the country. It has 26,000 clients and about 80 employees.

⁴⁷ This concerns both micro-finance and community-based education. Our estimate is that about 70% concerns micro-finance.

Mara Micro-finance Programme (MMfP)	A local MFI based in Musoma. Participated in the FK exchange 2006-09
Tujijenge Micro-finance Limited (TMF)	A Tanzanian company limited with micro-finance as business established 2006 which participated in the FK exchange 2009-10. It has now closed down.
Tanzania Home Economics Association (TAHEA)	A Tanzanian MFI with branches in different parts of the country, with each branch operating independently. The Mwanza branch has participated in the FK exchange almost annually since 2005.
Mwanza Women Development Association (MWDA)	A small local NGO partly doing micro-finance. FK collaboration since 2011.

The purpose of the exchange has been to enhance capacity among the participants in Stromme's two key fields, community-based education and micro-finance. Stromme, through its specialization in micro-finance and with the intermediary company Stromme Micro-finance, must be considered one of the major global players in micro-finance involved in funding and capacity building of local MFIs. The FK exchange program fits well into this through sharing experience

The FK Exchange is a very interesting program which is quite unique in the world as far as we know. However, we are going to leave the program as the management cost is more than the benefits of the program. A North-South exchange would probably provide more benefits, but we don't know of any partner in Norway.

in between different MFIs mainly in Africa, but also with Asian MFIs. Tanzania has a flourishing micro-finance market with the involvement of several banks, 70-80 NGOs and numerous community based organizations (CBOs).

The impact of the FK exchange on business development in Tanzania is hard to trace as the

collaboration is so fragmented. The MFIs interviewed see the exchange overall as beneficial to their development and capacity building, and a great means to enhance the capacity of their staff. Participating in the FK exchange (and the collaboration with Stromme) also has the effect that the MFIs can more easily attract other sources of support, including funding of their lending. Overall, micro-finance, especially at the lower end provided by NGOs and CBOs, has in the developmental discourse increasingly been seen as rather ineffective in business development because of the low degree of graduation of micro-enterprises and self-employment into growing (formal) businesses. Its role is more as a social safety net for the poor and self-employed. It is also clear that Stromme plays an essential role within the MFI sector as a funder and capacity developer. The FK exchange fits well into Stromme's work, especially as the capacity building is linked to Stromme's (commercial) lending to MFIs.

Sunlabob Renewable Energy

Sunlabob is a German-Laotian family business which operates as an energy-provider selling hardware and providing commercially viable energy services for remote areas where the public electricity grid does not yet reach. The focus is on solar energy and small hydro schemes. Sunlabob trains small rural entrepreneurs so they can install and service Sunlabob's technologies and run their business as the company's franchise. The company, which has about 50 employees, operates projects in Laos, Thailand, Vietnam, Cambodia, Ethiopia, Uganda and Afghanistan, and

is expanding its international network. The co-operation with FK Norway began in 2010 with a South-South collaboration including 4 persons.⁴⁸ The partner countries were India and Tanzania. The purpose of the exchange was to improve the collaborating partners' capacity and skills in small-scale rural energy systems such as solar and mini-hydropower as well as in water purification. The broad objective was that the partners would be in a better position to provide services to the rural poor to improve their standard of living. The Tanzanian partner, CB Energy, was a small, start-up company based in Mafinga as an off-spring of a company involved in long-haul transports in East Africa. The company participated as a result of its stated interest to move into the solar energy market.⁴⁹ CB Energy had only one person involved in this field when the collaboration started.

A second agreement was signed in 2012 for a new South-South collaboration involving 5 persons, but this time with Cambodia, Ethiopia and Nepal as partners to Sunlabob. It excluded Tanzania as CB Energy, which according to Sunlabob's reporting, had become passive and stopped communicating with Sunlabob, and also had not accounted for the funds provided. During the evaluation it has not been possible to establish communication with CB Energy. According to participants in the exchange interviewed, the entrepreneur behind the company rapidly lost interest in Sunlabob's social approach to solar energy and CB Energy was dissolved. The FK exchange was, in so far as Tanzania is concerned, a failure in business development. However, at the participant level, impact took place which might result in entrepreneurship development in the rural energy sector. Also the Indian company dropped out due to internal management reasons.⁵⁰ Sunlabob have decided not to pursue further exchanges as the company finds that the cost of running the project in terms of management inputs exceeds the benefit of the exchange.⁵¹

Uganda Home Pages

Uganda Home Pages was a South-South project in 2005-2006 involving Uganda, Tanzania and Kenya. It had its origins in a North-South project in 2001 – 2003 also involving Norway and Bangladesh.⁵² The Tanzanian partner, Majorityworld, was a small entity with a few employees around a Tanzanian photographer/entrepreneur. The purpose of the FK collaboration was regional capacity building in web-design, journalism, e-media and publishing, including empowering local media institutions in partner countries, and thus contributing to a strengthening of civic society in these countries. The collaboration agreement involved 4 persons with an FK

⁴⁸ The FK collaboration came about on the initiative of FK Norway's office in Bangkok which approached Sunlabob and suggested a collaboration.

⁴⁹ CB Energy was introduced to Sunlabob by the company's Africa consultant, a Swiss national, for the expansion into East Africa

⁵⁰ Sunlabob had met neither company prior to the exchange, hence no feasibility study had been conducted.

⁵¹ A particular issue is that, according to Sunlabob, FK Norway has stopped payments in the ongoing round due to lack of accounts from the Tanzanian partner, which caused problems for the current participants in Nepal, Cambodia and Ethiopia.

⁵² This FK project is in FK's data base not classified as PSD, hence not included in the portfolio.

budget of about NOK 0,6 million.⁵³ An exchange of 20-25 persons was envisaged over time. The Uganda Home Page project collapsed early, reputedly due to mismanagement of funds by the Ugandan partner. Majorityworld ceased to exist soon afterwards. The FK exchange in Tanzania was a failure in terms of business development. However, the two exchange participants and the leader of Majorityworld have done well professionally after the project. The head of Majorityworld, today under Flame Tree Trust, also plays a key role in a major on-going FK Youth exchange program. The head of the Uganda Home Page is today a member of the Ugandan parliament, while the Kenyan company has ceased to exist.⁵⁴

Veidekke

The large Norwegian construction company Veidekke with over 6,000 employees, had an FK collaboration during 2002-04 involving 8 persons with an FK budget of NOK 2.5 million. With a focus of transfer technology in road construction, the project involved exchanges between Veidekke, Norway and its subsidiary in Tanzania, Noremco Construction. According to Veidekke and the participants the project was quite useful and successful for both the company group and the participants personally. No further collaboration was pursued by Veidekke after 2004. Upon FK's 2009 request concerning Veidekke's interest in a renewed exchange, the company responded negatively. Noremco, established in the 1980s as a daughter company to Veidekke, and having over 600 employees at one point in time, closed down operations in 2010, reputedly due to too strong Chinese competition in the Tanzanian market. Through an e-mail in response to the evaluation, the chairman of Noremco described the FK exchange as quite successful for both companies. Furthermore, had Veidekke in 2009 been convinced the company would continue operations in East Africa, Veidekke would have used the opportunity for further exchange.

⁵³ Exchange rate USD 1 = NOK 5 used throughout the report

⁵⁴ FK's seems not to have followed-up on this potential corruptive behavior, except by cancelling of further funding.

ANNEX 4: REVIEW OF SIX FK PROJECTS

*Crosscode*⁵⁵

This small Norwegian IT company established in 2008 offered outsourcing services such as application development, web solutions, app-development and cloud computing. In 2008 *Crosscode* bought *cc first* based in Lima, Peru. *Cc first*, which was established in 2006 by two Norwegians, had the primary function of being the offshore development department of *Crosscode*. *Crosscode* submitted an application to FK in September 2011 for a feasibility study involving its subsidiary company in Peru. A first agreement for a North-South exchange was signed in November 2011 between *Crosscode* and *cc first* and included 4 participants with a budget of NOK 1.7 million for the period of 2012-2013. In June 2012 *SYSCO* acquired *Crosscode* including the Peruvian subsidiary. Today *SYSCO* has 90 employees with several offices in Norway. After *SYSCO*'s buy-out of *Crosscode*, a new FK Norway agreement was signed with *SYSCO* as the main partner for a 3-year program 2013 - 2016 involving 30 persons in 3 rounds. With previous rounds, the exchange between Norway and Peru would by 2016 have involved 34 persons in *SYSCO* with an FK budget of NOK 15 million.

The objective of the initial collaboration was to strengthen both the companies and thereby to provide better services, better client satisfaction and increase employees' competence, which would lead to company growth and employment. In the second agreement, specific targets were established and for these a dozen measurable indicators were identified, including baselines and targets after 3-5 years.

- To be known in the market as a high-quality IT development company
- Increase the size of the company (e.g. from 6 employees in Norway to 10 employees)
- Ensure that projects are delivered on time and with high quality.
- Have a sufficient size of the company to guarantee deliveries on all technical platforms offered in the market (from 17 employees in Peru to 40)

The collaboration is working well. In its narrative reporting, *Crosscode* wrote in 2012:

Transferring knowledge about the working methods and culture to the home partner has contributed in a positive way in order to achieve the objectives. As the resources working for the secondary partner don't have a lot of knowledge of the actual customer, it's easy to deliver something different than the customer actually expects and also motivation can be affected negatively by not knowing much of the customer. Getting a better knowledge and understanding of the customers and the market told by people from the same country has helped in both these aspects. The resources now know better what are the expectations of a Norwegian customer, how they communicate these expectations, how they expect communication and deliveries etc. The culture is very different in the two countries and we need to have this understanding in order to deliver in a good way. This has helped in several of the listed objectives; deliver IT Projects with better quality, keeping the customers after first delivery and by this enabling growth.

⁵⁵ The project is in FK's data base listed under *SYSCO* which took over *Crosscode*.

The Crosscode/SYSCO project appears to confirm FK's hypothesis that ICT companies are well suited for FK exchanges. It should be noted, however, that the collaboration is purely driven by narrow business motives without any explicit objectives linked to FK's broader objectives. Furthermore that the exchange – taking place in an SME – is quite significant in numbers and budget. Whether such a subsidy is justified from a development perspective is discussed later in the report.

Ekeby gård

The original farm was founded in 1935, and the current business was established in 2002. The current business is based on meat production from a population of South African Boergoats. *Ekeby* has a restaurant and a shop for its produce. There is a South African touch to the operations, including South African menu and wine at the restaurant. About 10 people are working at *Ekeby* of which about 5 are full-time. *Ekeby's* collaboration with FK Norway began in 2007 with a feasibility study in South Africa to explore potential co-operation with *Fairview*, a South African family wine estate also producing goat cheese. (*Ekeby* already served *Fairview* wine at its restaurant) The outcome of the feasibility phases was positive, and an exchange program was approved by FK Norway in 2008 for 2 persons. Two more agreements were signed 2009 and 2011 with in total 6 persons. The objective of the exchange was learning in eco-tourism and management with story-telling as a means of marketing for *Ekeby* and promotion of *Fairview's* wine in Norway. The first three rounds were reported as successful with impact on the business in both countries: *Fairview* established itself on the Norwegian wine market and expanded with increased employment, and *Ekeby* had been inspired in its business approach by *Fairview*. In early 2013 a new agreement was approved by FK Norway for 3 more rounds of exchange between *Ekeby* and *Fairview* for the period 2013-2015 with an expected 15 persons participating. In total 23 persons would have participated in the exchange by 2015 with an FK budget of NOK 10.2 million in total. FK has used *Ekeby* as a case story in its most recent FK Introduction Seminar (16-17 October 2013) with new companies as a model for a successful intercultural exchange. The owner of the business confirmed his experience of “an amazing journey” through the FK exchanges and profiles the fact that the co-operation has attracted positive media attention. *Ekeby* is another example of a seemingly well functioning exchange with an explicit intercultural touch and one where benefits to a large extent take place with both partners. The question must be raised, however, as to whether the considerable FK subsidy to a small Norwegian enterprise such as *Ekeby* can be justified.

Energy Saving International (ENSI)

This is a small Norwegian energy efficiency and energy business development consulting company. In several countries ENSI has supported establishment and development of local Energy Efficiency Centers, and supported them in order to become self-financed by offering professional services in their local market. In recent years, ENSI also has provided guidance and support to authorities in developing new sub-laws, regulations and standards related to energy efficiency in the building sector. The collaboration with FK Norway began in 2010 with a

feasibility study concerning potential co-operation with the Chinese organization Dalian Energy Efficiency Center (DEEC). Based on the study, a collaboration agreement was signed in 2010 for a two round exchange (2011-2013) involving 5 persons. The collaboration between ENSI and China goes back to 2007, and in 2009 the DEEC was established as the Sino-Norwegian DEEC. The project was an initiative involving the Confederation of Norwegian Enterprises (NHO) and is supported by Norad during the period 2009-2013.

The following objectives were established:

- ENSI's tool box further adjusted to Chinese conditions
- New business opportunities through better understanding of Chinese business culture
- Energy efficiency data base improving the quality of DEEC's services

The exchange will also contribute to breaking down language and cultural barriers in the co-operation between ENSI and DEEC, as well as strengthening the professional capacity of young persons. According to our interviews, the collaboration between ENSI and DEEC was more complicated to carry out than envisaged. Recruitment of an external person to ENSI was required, a person now laid-off. No collaboration is taking place between the companies currently. ENSI, which is a company that to a large extent has been subsidized by Norwegian aid until now, sees its survival in commercial terms as difficult. No contact has been possible to establish with DEEC.

Escenic

A Norwegian software company established 1999 and providing web publishing solutions for web-based newspapers. An FK feasibility study was approved in 2006 concerning collaboration between Escenic and *Somewhere in the Net*, a Norwegian-Bangladeshi IT company based in Dkaka. A joint venture between *Escenic* and *Somewhere in the Net* was established during the same year with the name *Escenic Bangladesh*. In 2007 an exchange program between *Escenic* and its subsidiary in Bangladesh was agreed by FK. A second agreement was concluded in 2009, for another round involving the same partners. In 2008 *Escenic* had been acquired by *Vizrt*, a large Norwegian IT company with 40 offices around the world, over 600 employees and customers in more than 100 countries worldwide. The company is listed on the Oslo stock exchange. In 2010 *Escenic Norway* applied for a feasibility study in Thailand, involving *Vizrts* subsidiary in Thailand. Two further agreements were concluded with FK and the three companies in the *Vizrt* group, the last one 2013-15. The purpose of the most recent exchange (2012) is described as *developing strong relationships between offices through the exchange of young professionals. Creating leaders who understand what it takes to provide a unique working culture based on understanding diversity*. By 2015, 40 persons in the current *Vizrt* group would have participated in the exchange program with a total FK budget of NOK 14 million. Overall, the exchange has worked well according to the companies, contributing to build company competence and a common culture in the group. The group is expanding in terms of turnover and

employment. For example, *Escenic* Bangladesh increased its staff from about 15 in 2007 to 65 in 2012.

Eurobate

A small Norwegian IT company established in 1998. The company is a provider of applications and services for mobile phones and handles large volumes of SMSs. The company is offering its services in Norway, Sweden, Finland, Denmark and several other European countries. It had intentions of expanding in Latin America and in 2004 Eurobate created a joint venture with the Colombian company *Celumania*, which was partly Norwegian owned. In 2007 the FK collaboration was initiated with a feasibility study. A collaboration agreement was signed during the same year for an exchange between *Eurobate* and *Celumania* and also with *Biznet*, an IT company in Guatemala. The first agreement was followed by several rounds of exchanges. As of 2013, 11 persons have participated with a total FK budget of NOK 4.2 million.⁵⁶ The objectives of the exchange were to establish a technology center in Latin America to serve the three companies and also to undertake market analysis in the region. Specifically, the exchange was intended to:

- Understand the business operation in Latin America.
- Increase the number of countries where it has operations in the region.
- Eliminate - or reduce as much as possible - technological and technical bottle necks that are currently preventing the operations' growth.
- These objectives would contribute to:
- Bringing technological services to a region that can improve the quality of life of the people in those countries, by simplifying the access to information and increasing transparency.
- Generating employment opportunities

The FK exchange has to some extent had a social entrepreneurship orientation and the participants exchanged to Colombia worked on projects such as micro insurance, mobile banking for the poor, and price information to farmers via mobile telephone, in co-operation with partners such as USAid, Ford and others. They also work with children and information about HIV/Aids. These social projects were not mainstream, neither for Eurobate, nor for *Cellumania*. The exchange ended in early 2013 as *Cellumania* required no further collaboration and ended its joint venture agreement with *Eurobate*. The motivation was that the Colombian company required no further technology transfer from Norway. The project has been highlighted by FK as one of its success stories due to a rapid expansion of *Cellumania*'s employment and its acquired independence from Eurobate. FK took the initiative to an

We were told that by the Colombian company that we were only working for them, despite the fact that we were physically in the Norwegian company. They were trying, through us, to get information on Eurobate. I spoke to my Norwegian colleagues about it and decided to quit the Colombian company which had just created a lot of misunderstandings and confusion.

⁵⁶ Including feasibility study

The collaboration adds to our capacity in doing environmental impact assessment and overall to our CSR approach. This is one of the benefits of the exchange and our contribution to being a change agent for a better world. We think the FK exchange is a very good program benefitting both parties in Norway and in the South.

independent evaluation of the project in 2012, carried out by a Colombian firm. The study concluded that the technical capacity of *Cellumania* had increased substantially as a result of the exchange, and also that the company had increased its operation, including expanding the staff from 7 in 2008

to about 20 in 2012 through expansion of services and increased market shares in the Latin American region. However, the collaboration between *Eurobate* and *Cellumania* ended in dispute between the companies: *Eurobate* accused *Cellumania* of having transferred a data base on *Eurobate*'s server without knowledge of *Eurobate* ... *Eurobate*, which had plans for *Eurobate International* involving companies both in Latin America and Africa (Kenya) is today only operating from Norway. Its staff has been reduced from 15 to less than 10. Yet, the company found the exchange useful as a means of learning in international co-operation. All the persons sent on exchange from *Eurobate* were externally recruited, and one was employed afterwards in *Eurobate*..

Multiconsult

One of Norway's leading engineering consulting companies with more than 25 offices in Norway and with a staff of 1400 employees. Multiconsult is also a part-owner of Norplan, which is a 50-50 joint venture between Multiconsult and Asplan Viak as noted earlier. With the exception of oil and gas activities, Multiconsult's international services are provided by Norplan. In 2011 FK Norway provided a grant of for a feasibility study in Nepal concerning a potential collaboration between Multiconsult and three Nepalese companies: Hydro Consult, Hydro Lab, and Green Ventures Initiative. In 2012 a collaboration agreement was signed with FK Norway for a first round of reciprocal exchanges with Hydro Consult, involving 4 participants. Hydro Consult is a company with about 70 employees, and is specialized in hydropower, water supply and similar activities. Prior to the end of the first round, a second agreement was signed in June 2013 for a 3-year exchange program (2013-2016) including 12 persons with an equal number of participants from Multiconsult and Hydro consult. The total FK grant for the Multiconsult project is NOK 7.4 million. The objectives of the exchange are to strengthen the co-operation with Hydro Consult and to build and retain a team of young Norwegian staff with international experience. Hydro Consult aims to be a leading company in the hydropower sector in Nepal. The exchange is still in its first round with the 4 participants at the end of their visits. The motivation from Multiconsult/Norplan for the exchange program appears to be a mobilization for participation in the extensive and expanding hydropower construction market in Nepal. So far there is no reporting from the companies of the results and value of the program, but interviews with Hydroconsult and participants in the ongoing exchange suggest it is going well.

The Multiconsult project is of interest in the FK portfolio as it is with a large Norwegian company partnering with a company outside the company sphere and in which the feasibility

study was used to determine the best partner from Multiconsult's point of view. From Hydroconsult's point of view, the collaboration is seen as highly beneficial in advancing its position in the fast expanding hydropower market through technology and knowhow transfer from Norway. It is also of interest as a project in a sector with strong Norwegian competitive advantage. A clear win-win case, but an exchange also with limited explicit links to FK Norway's overriding objectives.

ANNEX 5: Internal workshop with FK Staff on FK's interaction with business

18 October 2013, 09:00-12:00, Oslo.

Purposes: To provide an interactive opportunity for discussing FK Norway's approach to business at an institutional level. Specifically, to: 1) assist the evaluation in understanding FK Norway's approach to businesses at the same time as retaining a clear focus on its peace and justice objective. i.e. how it "sells" itself to business at the same time as maintaining the framework of key objectives concerning peace, justice and human rights. 2) To test some of the hypotheses upon which the eventual conclusions and recommendations of the evaluation would be based.

Method: A member of the evaluation is experienced in working with story-making/storytelling and used this experience to shape the approach to the discussion.

The Theme: FK Norway's Story of how it communicates with companies.

The Challenge: We have a representative from a company coming to visit us for one day on the FK Norway cloud. There are many (competitor) clouds full of great potential the rep. sees passing by all the time. We've invited him/her to our cloud for the day to show this company why FK Norway is an organization for him/her to engage with. We want him/her to leave feeling that they want to pursue an exchange.

The Framework:

- 1) Get away from constraints. What would we do if everything was possible?
- 2) Release ideas of a historically 'right' or 'wrong' approach.
- 3) Work within the same budget and within the mission given by the Ministry of Foreign Affairs.

The Visitor: Define what type of company FK would like to prioritize and what individual within the company should be targeted. Integrate this understanding of the visitor to create the story.

Our Cloud: Divide into two working groups in order to discuss these questions. The ultimate goal is to create two stories that can be discussed and converged into one story. This allows for debate of critical points of agreement/disagreement.

- 1) What is on the FK Norway cloud that we would like to show our visitor that is important to us but that also appeals to him/her?
- 2) How would FK like to communicate about it? Context/Setting (e.g. expo)? Tools (e.g. a particular person in our organization, web, brochure) Partners?
- 3) In what order of priority does FK want to communicate these things?

Presentations:

Each team presents what is on their cloud and how they handle the visitor.

Intended Output: “The FK Norway Story for Companies”

Results:

12 FK Norway staff involved in the PSD program partook enthusiastically and debated issues critical to FK’s relationship to companies for 3 hours. Although more time is needed to complete the above exercise, the group made good progress in discussing FK’s current and desired interaction with business. Intensive discussions in the group work (30 minutes) led to some interesting results which FK could build on.

The group identified the following typical/desirable aspects of ‘visitor’ company:

- Ambitious
- Seek social and environmental impact
- Interested in innovation
- High potential for the change FK is interested in
- Wants to experiment
- Willing to give in order to gain: Has the possibility to recruit internally
- Can gain from international collaboration
- Interest in human development, not cheap labor

The group determined that the ‘visitor’ company was typically an SME with very little knowledge about FK with at least 5 employees.

The group identified the following desirable aspects of their contact inside the ‘visitor’ company:

- Open-minded
- Influential in the company

The group identified the following messages FK should communicate to the ‘visitor’ company.

FK understands your needs which are:

- Improving communication
- Access to emerging markets
- Knowledge about markets
- Internationalization
- Possibilities for collaboration
- Cultural skills
- Health and safety training
- Raise CSR profile
- Image building
- Strategic positioning

- Access to markets in Norway
 - Strengthen personnel
 - Funding in a long-term perspective
 - Technology transfer
 - Reduce investment risks
 - Local management training
 - Reach out for new opportunities
 - A way of outsourcing
 - CV building
 - Increase profitability/growth
 - Inspiration for innovation
- 2) Important to FK is:
- Reciprocity
 - Countries of priority
 - Age of participants

More time was needed to consider how the most important messages could be conveyed. However, a few ideas were shared, including:

- 1) Work better with key partners (not companies) which are touch points for business in Norway in priority countries.
- 2) An awareness-raising campaign with a clear public awareness targets, including ‘getting on the lists’ of important agencies.
- 3) Get existing partners to tell their stories of collaborating with FK, focusing on results.

Conclusion:

FK’s response to the evaluation’s suggestion for this workshop, a spontaneous suggestion of the evaluation team, was strong and enthusiastic. Clearly, this type of discussion goes to the core of FK concerns.

Although there was insufficient time to talk about a prioritization of what to communicate and how to communicate it, a discussion followed the presentations by each working group which demonstrated that some of the messages, above, are more important than others and that this type of prioritization and clarification of messages could be a useful exercise to continue. More work is needed by FK to reach clear and strategically useful answers to the main questions posed by this exercise. A number of the hypotheses of the evaluation were confirmed.