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ANNEXES 3-12

Evaluation of Norway's Aid Concentration

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Annex 3 – General Methodological approach

Theory-based approach

A Theory of Change has been reconstructed, which takes all elements in a schematic way into account. In Figure A3.1, the reconstructed Theory of Change is presented in two parts. The first presents the relations between inputs and outputs, the underlying assumptions between these relationships, and potential adverse or unanticipated effects. The second presents the same for the relationship of outputs to intermediate outcomes, outcomes and impact.

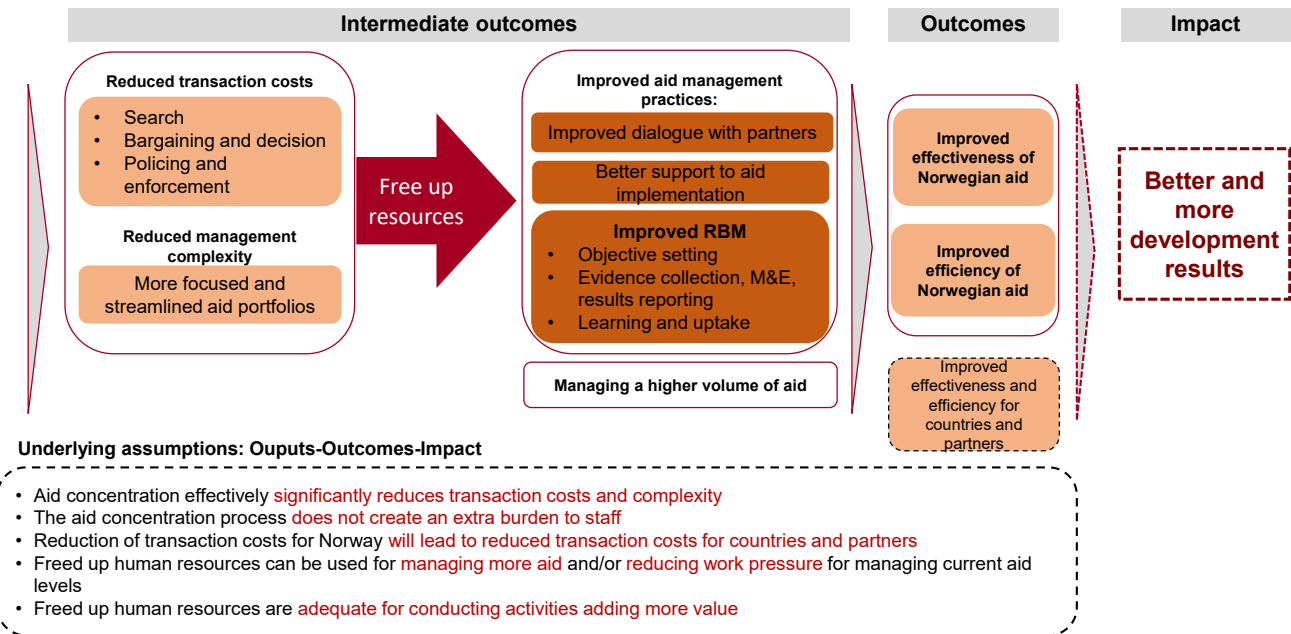
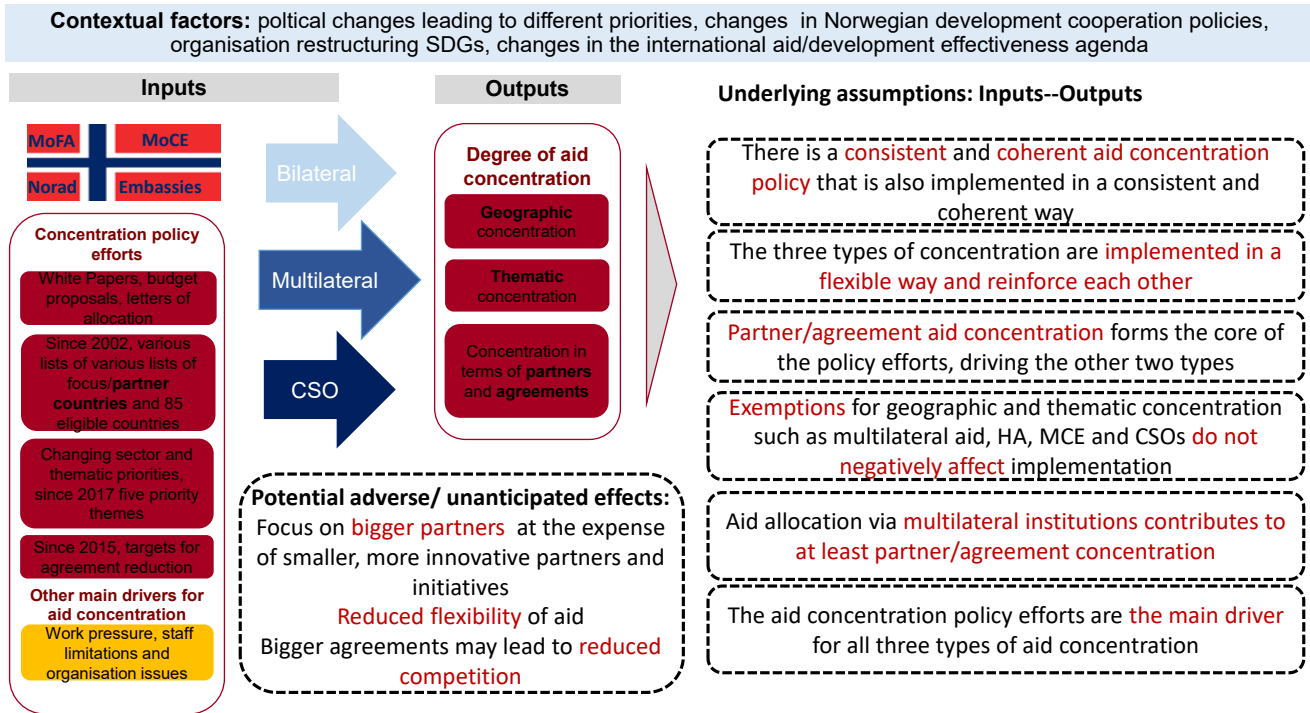
Contextual factors

There are contextual factors that according to the preliminary analysis affect the degree of concentration of Norwegian aid. These contextual factors may affect all cause-effect relations in the Theory of Change such as input-output, output-intermediate outcome, and intermediate outcome-overall outcome relations. The contextual factors related to Norwegian policies and practices can be summarised as follows):

- Changes in Norwegian composition of parliament and coalition governments. Both documents, also particular interviews, pointed to the importance of different priorities being set by changing governments, ministers and parliament. The changes in the country lists underpinning geographic concentration are apparently to a large extent related to changes in such political priorities. This is also the case for priorities regarding thematic areas, sectors and crosscutting issues. Also for partner/agreement reduction different priorities have been set by different Ministers and political parties.
- Norwegian development cooperation policies and preferences other than aid concentration also affect the degree of concentration of Norwegian aid. One of the most important policy choices that effects the actual degree of concentration to a large extent is the traditionally large and increasing share of Norwegian aid disbursed *via* the multilateral channel. Two White Papers (2011 and 2019; see Chapter 2) set out the policies focused on the importance of strengthening the multilateral institutions and increasing Norwegian influence on international decision-making. In addition, there are policies regarding specific sectors, themes and cross-cutting issues that affect Norwegian aid concentration processes in various ways. The challenge for this evaluation is to understand if these other policies may lead to adverse effects such as increasing the aid fragmentation rather than promoting aid concentration, such as has been referred to regarding the Knowledge Bank programmes.
- Norway also responds to changes in the global agenda on development. The 2016-2017 White Paper 'Common Responsibilities for Common Future' focuses primarily on the adjustments in Norway's development policy in relation to the new global development agenda reflected in the SDGs. The importance of equal partnerships, the catalysing role of aid and the private sector as drivers of development are presented alongside stronger focus on countries affected by conflict, geographical and other key priorities.
- Organisational restructuring of the Norwegian aid administration also affects aid concentration. The 2004 reorganisation initially led to some decentralisation of Norwegian aid management, but from 2009 recentralisation took place and the new reorganisation has been implemented from February 2020. Organisational restructuring is mentioned as a contextual factor affecting aid concentration, although organisational restructuring is also closely related to staff limits in the Norwegian aid administration. As these staff limits have been an important consideration in justifying the main driver for aid concentration they are mentioned in the inputs column. However, the main changes in the organisational structure for Norwegian aid management are considered as a contextual factor.

The above list also shows the linkages to international contextual factors. The shift from the aid effectiveness agenda to the new SDG-related development effectiveness agenda is a factor affecting Norwegian aid concentration and other policies.

Figure A3. 1 – Reconstructed Theory of Change



Inputs

In the inputs column of the Theory of Change the main aid concentration policy efforts are mentioned as laid down in White Papers, budget proposals and letters of allocation and specific policy efforts for each type of aid concentration, such as country lists, thematic priorities and targets for partner and agreement reduction. Although limited staff resources, work pressure and internal organisational challenges are not factors in the aid concentration policies as such, they are such important drivers for aid concentration that they are mentioned in the first inputs column.

A second inputs column refers to the three main channels for Norwegian aid: multilateral, bilateral and CSOs. While partner/agreement reduction covers all Norwegian aid managed by the MFA and Norad (the overall scope of this evaluation), there are many exemptions for geographic and thematic concentration (see Chapter 2), which have to be taken into account in the analysis.

Outputs

At the outputs level, the effective degree of aid concentration - geographic, thematic and partner/agreement - is reflected. While the assessment of partner and agreement reduction is relatively straightforward and covers the full scope, the assessment of geographic and thematic concentration is less straightforward, given the many exemptions.

Underlying assumptions inputs-outputs

There are six main underlying assumptions regarding the cause-effects linkages between inputs and outputs listed in the first Theory of Change figure above. These underlying assumptions are related to the consistency and coherence of policy efforts, the assumed complementarity between the three types of aid concentration, and the extent to which exemptions affect the actual degree of aid concentration. Two very important underlying assumptions emerging from the preliminary analysis deserve to be highlighted. First, in terms of operationalisation and implementation the main efforts concern partner and agreement reduction, although in the formal policy documents this does not feature very prominently. Second, partner/agreement concentration seems also to drive the other two forms of aid concentration, although the extent to which this is the case needs to be further analysed.

Intermediate outcomes

At the intermediate outcomes level, two different sets of outcomes for the Norwegian aid administration are distinguished:

1. For the Norwegian aid administration the actual degree of aid concentration achieved (outputs) should lead to improved aid management practices. This would take place through reduction of transaction costs and management complexity (thanks to more focused and streamlined portfolios), which in turn is expected to free up resources. These resources could then be spent on activities that would add value such as policy dialogue with the partners and results-based management (RBM) activities (see further explanation below).
2. Alternatively, the resources can be used to manage a higher volume of aid (thus limiting the subsequent effects on aid effectiveness).

Directly related to the intermediate outcomes mentioned above, the improved management practices for the Norwegian aid administration should not take place at the expense of partner agencies' and countries' transaction costs. No transfer of the transaction costs of the Norwegian aid administration to partners should occur. This means that although the focus of the intermediate outcomes is on improved aid management by the Norwegian aid administration, it has to be assessed in the relation to implementing partners.

At this level of intermediate outcomes, the concept of transaction costs plays a key role. The preliminary analysis of the aid concentration policy elements in Chapter 2 made clear that keeping aid administration costs (or transaction costs) limited even with a rising aid budget has been an important policy concern for Norway. When

analysing the administration costs of aid management and linking it to aid effectiveness and aid efficiency, transaction costs are a useful concept and figures as such in the main underlying assumptions presented in the ToR.

Lawson's framework for analysing transaction costs as presented in the ToR has been the basis for defining the transaction costs to be measured in this evaluation. Lawson defines transaction costs as "costs incurred through entering or managing an aid agreement without adding anything to the aid project/programme".¹ Lawson adopted the three main categories derived from international transaction cost literature: search costs, bargaining and decision costs, and policing and enforcement costs. Lawson adjusted the elements to be considered for each category of transaction costs for the evaluation of the Paris Declaration. For this evaluation, the evaluation team took Lawson's classification as the point of departure and further adjusted the elements of transaction costs to be used in this evaluation. Table A3.1 presents the elements of the three types of transaction costs for the Norwegian aid administration, but it does not refer to the transaction costs for implementing partners that will also be assessed in this evaluation, for which the elements are presented below

Table A3.1 – Principal categories of transaction costs for the Norwegian aid administration

Category of transaction costs	Elements to be considered
Search costs	<ul style="list-style-type: none"> • The costs necessary for Norway to identify appropriate development partners • The costs for Norway of identifying appropriate projects or programmes to fund
Bargaining and decision costs	<ul style="list-style-type: none"> • The costs of negotiating and agreeing financing agreements for projects and other operations for the Norwegian aid administration.
Policing & enforcement costs	<ul style="list-style-type: none"> • The costs to the Norwegian aid administration of supervising adherence to project and programme conditions and of undertaking corrective actions where necessary

Source: ADE based on Lawson, 2009, p.10

The starting point for the analysis of transaction costs is the administrative burden of managing agreements (i.e. contracts with partner agencies and partner countries). Transaction costs are potentially reduced through concentration by facilitating consolidation of agreements into larger individual contracts so that the administrative burden is lower for Norwegian officials managing agreements. Interviewees state that the costs of managing a small agreement does not differ much from the costs of managing a larger agreement, which means that important gains can be made through agreement concentration. Also, if longer grant-making cycles are adopted that require less competition, search, bargaining and decision costs will be lowered, and transaction costs will be reduced.

If resources are freed up by reducing in this way the transaction costs for the Norwegian aid administration, there might be more time for activities that would add something to the aid project/programme. This might consist of activities related to defining and agreeing policy (i.e. policy dialogue) or dialogue with implementing partners on outcome conditions for various types of support agreement. It could also be Results-Based Management (RBM) activities. In this way, a positive trade-off could be established (see the second underlying assumption in the second figure). Freeing up of resources may also allow better management of aid portfolios through a better focus, clear objectives and choices of priorities to be set.

¹ Andrew Lawson (2009), *Evaluating the Transaction Costs of Implementing the Paris Declaration, Fiscus, Paper to the Secretariat for the Evaluation of the Paris Declaration*, p.8.

As indicated above, not only the transaction costs of the Norwegian aid administration should be taken into consideration, but also the transaction costs of implementing partners (see also the underlying assumptions in the second figure). These costs could include:

- the implied costs incurred by implementing partners in accessing Norwegian funding for their core activities, projects or programmes;
- The implied costs to implementing partners of fulfilling administrative and contractual requirements for project execution and monitoring.

Another channel through which aid concentration might lead to improved aid management practices is through reducing management complexity. Aid concentration may lead to streamlining aid portfolios, keeping interventions more easily manageable (i.e. composition effects) and reducing the overall diversity of aid portfolio, which in turn might facilitate aid management.

Outcomes and impact

The intermediate outcomes, in particular improved management practices by the Norwegian aid administration, should lead to improvements in efficiency and effectiveness of Norwegian aid (and among countries and partners). The recently revised (December 2019) OECD-DAC evaluation criteria are being used. The first link from improved managed practices at the intermediate outcomes level relates to **improved efficiency** i.e. the extent to which the aid concentration policy efforts are likely to deliver results in an economic and timely way. Inputs relative to the entire results chain (outputs, outcomes and impacts) will be taken into account including those from implementing partners.

The second outcome is **improved effectiveness** of Norwegian aid, i.e. improvements in the extent to which Norway is achieving its development objectives? According to the revised definition of effectiveness the assessment should analyse progress towards objectives along the results chain / causal pathway.

Finally, at the impact level improved effectiveness and efficiency (of both Norway and implementing partners) are assumed to lead to better development results.

It is clear that as ones moves out along the impact pathway, the cause-effect linkages become less straightforward and assessment will be complicated (see the next sections of this chapter).

Underlying assumptions outputs-intermediate outcomes-outcomes-impact

In the lower part of the Theory of Change figure, other important underlying assumptions are presented. These relate to the effective translation of aid concentration into reduced transaction costs, to the relationship between the key stakeholders (i.e. the Norwegian aid administration and the partners), but also to the linkages between newly available resources and the possibility of using them efficiently in value-added activities.

The underlying assumptions are based on findings from literature (see Section 2.3) that when assessing transaction costs, the whole 'aid chain' and context should be taken into account. This means that within a specific aid administration different types of transaction costs should be considered as well as changes in distribution of tasks per staff member and across departments (fewer administration tasks vs more policy or results-oriented tasks). In addition, changes in transaction costs within an aid administration should be analysed in relation to changes in transaction costs for implementing organisations to whom implementation has been delegated. These aid chains are very long and complex, which means that a large part of transaction costs may remain hidden. However, the assessment of transaction costs is an essential step for assessing changes in aid management practices.

As mentioned earlier, assessing transaction costs is notoriously difficult and so far, no conclusive evidence has been found on the link between aid concentration and reduction of transaction costs that would be applicable to Norway. Nevertheless, it has been shown to be even more difficult to establish cause-effect relations regarding developmental results that can be plausibly related to aid and development effectiveness measures such as

concentration policy. Therefore, the focus will be on collecting plausible evidence that the aid concentration policy efforts have led to improved aid effectiveness and efficiency of Norwegian aid.

Adverse or unanticipated effects

The two Theory of Change figures both include possible adverse effects that will be tested and explore further in the evaluation.

Approaches at general and case study levels

As mentioned earlier, the Norwegian aid concentration policy resulted in a series of concentration efforts which, together with other policy factors and structural trends, may have induced aid concentration. The subsequent effects of the aid concentration (if any) on aid management practices are complex as they are likely to vary with both the type of aid concentration (i.e. geographic, thematic, partnerships or agreements) and the type, sector or form of assistance provided. Indeed, a concentration of aid on specific countries will not have the same managerial consequences as a reduction in the number of partners, and a reduction in the number of agreements will materialise in different ways for the aid granted to CSOs or in the education sector, for example.

The sequence and complexity of the linkages between aid concentration policy efforts, actual aid concentration across the different dimensions, and aid administration management practices suggests the need to combine:

- an overall strategic level of analysis including:
 - a quantitative assessment of aid concentration across dimensions,
 - an overall strategic analysis of how concentration materialised, *and*
 - an assessment of how aid concentration might affect administration management practices in different ways across the different parts of the aid administration,
- with an in-depth analysis of specific parts of the Norwegian aid administration chosen with the aim of examining and illustrating highlights of the different facets of aid concentration's effects on management practices.

In-depth analysis: case studies

As indicated in the ToR, it is expected that the questions regarding the cause-effect relations in the theory of change, the contextual factors and the underlying assumptions can only be meaningfully answered at a more detailed level of analysis. The theory of change gives insight into the complexity of the evaluand including underlying assumptions and unanticipated effects. Indeed, the policy elements have been operationalised in many different ways and the observed aid concentration results (if any) are likely to have varying implications in terms of aid management practices depending on both the type of aid concentration and the aid portfolio under consideration. Moreover, the theory of change also stresses that a sound assessment of the changes in aid management practices requires exploration of a wide range of practices (and notably the different types of transaction costs) that are relevant for different stakeholders along the "aid chain". Changes in transaction costs within the concerned Norwegian aid administration should also be analysed in relation to changes in transaction costs for implementing organisations to which implementation has been delegated.

Thus, in order to provide a meaningful answer to the Evaluation Questions, it is suggested that an in-depth analysis be conducted on a set of case studies selected to highlight specific facets of the effect of aid concentration on management practices.

Following the different types of aid concentration, priority partner countries, thematic areas and partners have been the point of departure for the selection of case studies. This allows for each case study to neutralise one of the dimensions of aid concentration and focus on the others, while ensuring that agreement concentration can

be analysed in each case. Moreover, the case studies were also selected based on their potential exposure to aid concentration (according to a preliminary analysis). Thus, each case study constitutes a specific target for aid concentration efforts and represents a significant amount of aid (such that there is some room for partner and/or agreement reduction in particular).

A. In-depth analysis at partner country level will shed light on the implication of thematic as well as partner and agreement concentration on aid management practices. Partner country level case studies will focus on the following issues related to the theory of change and be reflected in the Evaluation Questions presented in the evaluation matrix below:

- The consistency and coherence of aid concentration policy efforts operationalisation and implementation at partner country level;
- Changes in the management practices of the Norwegian aid administration;
- The perceived changes in management practices (transaction costs) for partner agencies and the partner country;
- Plausible linkages between intermediate outcomes and overall outcomes and impact;
- Any adverse or unanticipated effects at various levels.

In order to maximise the chances that the selected countries would have experienced aid concentration, it was decided to select countries that belong to the current (2018) list of priority countries but also to most lists of priority countries since 2002 (the overview of country lists in Annex 9 shows how many times each partner country figures on the priority country lists). Moreover, to ensure that Norway has a significant engagement in this country, the selected countries should be in the top 16 of main recipients of Norwegian aid for the period 2013-2019 and Norway should preferably be in the top 10 of donors for these partner countries over the period 2013-2019; and finally including one long-term development partner country (LTD) and one stabilisation and conflict prevention country (SCP) aimed at covering a diversity of situations.

Table A3.2 below summarises relevant information for the 16 actual partner countries (split in LTDs and SCPs) of Norway against the selection criteria along with their income group level (see Annex 9 for an overview of partner country lists 2002-2019).

Table A3. 2 – Criteria for the selection of partner countries as case studies

Long-term development partners (LTD) and stabilisation and conflict prevention (SCP) * selected case studies	Country classification according to the DAC list of ODA recipients	No of times the country figures on the nine partner country lists since 2002	No of times Norway is in the Top 10 donors between 1999 and 2018 (OECD-DAC, 2016-2017)	No of times the country is among the top-16 recipients of Norwegian aid between 1999-2018 (max=20)
Colombia (LTD)	(OECD)	2	11	2
Ethiopia (LTD)	LIC	9	-	16
Ghana (LTD)	LMIC	1	-	-
Indonesia (LTD)	LMIC	4	4	3
Malawi (LTD)*	LIC	9	16	16
Mozambique (LTD)	LIC	9	8	17
Myanmar (LTD)	LIC	5	12	-
Nepal (LTD)	LIC	8	13	8
Tanzania (LTD)	LIC	8	3	20
Uganda (LTD)	LIC	6	9	18
Afghanistan (SCP)*	LIC	9	10	18

Mali (SCP)	LIC	8	-	-
Niger (SCP)	LIC	3	-	-
Palestine (SCP)	LMIC	9	-	20
Somalia (SCP)	LIC	5	17	14
South Soudan (SCP)	LIC	7	-	8 (out of 8)

Source: ADE calculation based on OECD-DAC data and the Norwegian aid statistics (Norad)

For the final selection of partner countries for case studies, some additional criteria were also taken into account such as the use of various policy elements for implementation of the aid concentration policy (i.e. Malawi is the only country with a bilateral health portfolio), an 'average' mix of the three aid channels and a thematic/sectoral focus that is not too divergent from the overall Norwegian use of aid channels and the thematic/sector distribution. In particular, the countries should receive a non-negligible share of assistance through multilateral institutions. Given the increasing importance of core funding to multilateral institutions and, in addition, sufficient information regarding aid fragmentation, aid concentration and implementation of aid effectiveness principles at partner country level should be available. As a result, we include **Malawi** as a case study among the LTD partners and **Afghanistan** among the SCP countries, as selected in the inception phase.²

B. In-depth analysis of one thematic area

As indicated above aid concentration can take place both *across* thematic areas or *within* thematic areas. The preliminary analysis during the inception phase showed that over the evaluation period thematic (and cross-cutting) priorities changed considerably. Selecting one thematic area as case study would allow assessment of thematic aid concentration within the overall thematic area (i.e. focus on sub-themes), the degree of partner/agreement reduction within the thematic area and the degree of geographic concentration within the thematic area, the consistency and complementarity of the policy elements, and the intermediate outcomes and plausible linkages to overall outcomes and impact.

The selection of one of the five thematic areas defined in 2017 as case study has been based on the following criteria:

- The theme should not be excluded from any type of concentration. Humanitarian aid is therefore *de facto* excluded as it is exempted from geographic concentration, although below it is argued that despite the exemption there are some interesting aid concentration aspects to be studied;
- In addition, the selected theme should concern a non-negligible share of Norway's total ODA, both overall and in the selected partner countries (Malawi and Afghanistan);
- Key Norwegian development stakeholders should be active in this field (i.e. Norwegian NGOs);
- Ideally, some degree of thematic concentration should also be observed over the main evaluation period (2013-2019);
- As the five thematic areas do not perfectly match the DAC sectors, the selected theme should be relatively easy to match, based on the information available in DAC sectors and sub-sectors.

According to these criteria, the **health** sector or thematic area has been identified as a relevant case study. Malawi, which has been selected as a country case study, is the only partner country where Norway has still a bilateral health portfolio, which can be analysed at partner country level in relation to the multilateral

² Possible alternative LTD countries such as Mozambique and Ethiopia and alternative SCP countries such as Palestine and Mali were not selected for various reasons related to the selection criteria (too low volume of aid) or because these countries were already too many times included in evaluations (e.g. Mozambique).

contributions to the health sector in Malawi. Stakeholders confirmed that health is a good choice for analysing aid concentration from a thematic perspective.

According to the Norwegian aid statistics grant portal classification of the health sector (which group health and social services and therefore include also interventions from *other social infrastructure and services* and *water and sanitation*), aid to the health sector increased between 1999 and 2018, representing 8% of total ODA in 2018 (corresponding to NOK 2 685 millions). The share of health ODA managed by multilateral institutions has increased substantially over time, which is representative of overall trends. The share of Norwegian NGOs in health sector support has declined over time but remains quite important as they represent the 2nd biggest group of implementing partners.

In terms of data availability, the health sector is subject to an important but manageable challenge. It is relatively easy to track the aid assigned to the health sector based on DAC sector classification.³ However, preliminary interviews revealed that in the case of the health sector, it is crucial to account for the core funding to multilateral institutions. Indeed, a large share of aid for health actually transits through international institutions specialised in health interventions (such as GAVI for example). In terms of mapping the total health ODA, the challenge will be addressed by relying on an OECD methodology which allows tracing back of the share of core funding to be inputted to the health sector. In terms of investigating the practices of the aid administration, this specificity makes health an even more interesting case study as it would allow investigation of the extent to which channelling aid through multilateral institutions competes with or complements the aid concentration objectives (although the related findings might not apply to other sectors).

C. In-depth analysis at the level of selected NGOs as implementing partners

As indicated above the main focus of the aid concentration policy efforts was on partner and agreement reduction, which should be reflected within the partner countries and the thematic areas. The multilateral channel is included in the efforts for partner and agreement reduction, but the increase of the share of the multilateral channel started well before the partner and agreement focus, and is also driven by other concerns. Therefore no specific multilateral case studies are selected. Nevertheless it should be kept in mind that the case studies at partner country, thematic area and portfolio levels will take the multilateral channel into account. This means that the case study will focus on a Norwegian NGO. The main Norwegian NGOs have framework agreements and in addition they used to have a large number of specific agreements. While they are, in principle, exempted from geographic and thematic concentration, in practice through the agreement reduction they are affected by aid concentration in various ways. The intention is to have one main agreement per NGO, and through the conditions for this main agreement there are efforts at geographic and thematic concentration, i.e. the NGOs agree that they will work in fewer countries and focus on specific areas. To what extent the choices of specific countries and themes in NGO agreements are aligned with the lists for priority countries and thematic areas is an issue that should be analysed?

A case study of one specific Norwegian NGO will allow an analysis of how the NGO was affected by various aid concentration policy efforts of Norwegian aid concentration policies, the complementarity of these efforts, how this affected their implementation and transaction costs, and if this led to better results.

Regarding the selection of a Norwegian NGO for a case study, the choice of Afghanistan and Malawi as partner countries and health as a thematic area has been taken into account. In 2018, the three largest recipients of Norwegian ODA in the health sectors were Norwegian Church Aid (NCA), Norwegian Red Cross (NRC) and Save the Children Norway. Given the wide presence of NCA throughout Africa and in particular in the main partner countries of Norway, as well as the fact that NRC and Save the Children Norway's activities focus to an important

3 The health sector that will be considered encompasses, in principle, both typical health categories from the DAC classification (Health, general [code 121], Basic health [code 122] and Non-communicable diseases [code 123]) and the category population policies/programmes of reproductive health (code 130) if this is in line with the classification by the Norwegian aid administration.

extent on humanitarian assistance, the choice of **NCA** seems appropriate as a case study among Norwegian NGOs.

Evaluation matrix

The evaluation has been based on the three Evaluation Questions as provided and formulated in the ToR, as requested. One additional Evaluation Question has been added related to evaluation objective A of the ToR to facilitate data collection and analysis: "To what extent has geographic, thematic, and partner concentration and agreement reduction been achieved"?

The matrix provided in Table A3.3 below presents also the indicators and methods for the first three Evaluation Questions. The third column refers to methods and the fourth column refers to sources.

Table A3. 3 – Evaluation matrix

Components	Indicators	Methods	Sources
EQ1. To what extent has geographic, thematic, and partner concentration and agreement reduction been achieved?			
<i>Justification and approach:</i> To have a good understanding of the actual degree of concentration (output level) is crucial for analysing the effects on the aid administration and the overall intermediate and final outcomes and impact. Therefore this question regarding the degree of aid concentration has been added, including possible unanticipated effects.			
Geographic concentration	<p>Focusing on aid (commitments) managed by MFA and Norad and allocated to a specific country:</p> <ul style="list-style-type: none"> - Theil index of geographic concentration computed with aid commitments over time (or across a specific time period) and using the full list of recipients as potential beneficiaries over the period. - Evolution of the share of aid committed to a subset of countries that are present in most priority country lists (i.e. at least 3 times since 2013 and at least 5 times since 2002) 	Portfolio analysis/mapping, quantitative analysis	Norwegian aid statistics (Norad) OECD-DAC CRS data
Thematic concentration	<p>Focusing on aid (commitments) managed by MFA and Norad (and allocated to a specific sector):</p> <ul style="list-style-type: none"> - Theil index of sector concentration computed with aid commitments over time (or across specific time period) and using the DAC sector classification (or an aggregate classification based on DAC sector classification) - Evolution of the share of aid committed to a subset of sectors that are often mentioned as priority sectors, namely health, education and humanitarian assistance. DAC sector classification (including at the sub-sector level) as well as Focus Areas and Policy Markers will be used to cover the scope of the priority the thematic priorities as precisely as possible. - For the health sector, the share of aid channelled through multilateral institutions will also be accounted for (using the OECD-DAC methodology). 	Portfolio analysis/mapping, quantitative analysis	Norwegian aid statistics (Norad) OECD-DAC CRS data

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<p>Partner concentration</p>	<p>Focusing on aid managed by MFA and Norad:</p> <ul style="list-style-type: none"> - Evolution of the share of aid disbursed to different groups of agreement partners over time - Evolution of the number of partners over time - Evolution of the number of partners across countries, DAC sectors, type of assistance - Evolution of the number of partners for a subset of countries that belong to most priority country lists (see above) and for a subset of DAC sectors (i.e. health, education, humanitarian assistance) - Evolution of the average size of partners' portfolio (in aid commitments) - Evolution of bottom and top quartiles of the distribution of partners' portfolio size (in aid commitments) over time. 	<p>Portfolio analysis/mapping, quantitative analysis</p>	<p>Norwegian aid statistics (Norad)</p>
<p>Agreement concentration</p>	<p>Focusing on aid managed by MFA and Norad:</p> <ul style="list-style-type: none"> - Evolution of the number of agreements over time, overall and for different sectors, countries, group of agreement partners and type of assistance. - Evolution of the average size (in terms of aid commitments) of agreements over time - Evolution of the bottom and top quartiles of the distribution of agreement size (in aid commitments) - Evolution of the average duration of agreements - Evolution of the average number of budget lines funding an agreement - Evolution of the number of agreements by type of agreements (e.g. framework or standard agreements) 	<p>Portfolio analysis/mapping, quantitative analysis</p> <p>Document analysis</p> <p>Strategic level interviews</p>	<p>Norwegian aid statistics (Norad)</p>

Relevance			
EQ2 Are the policy tools/efforts consistent with the overall objective of the policy (effective and efficient management of aid, and ultimately more effective and efficient aid)?			
<i>Justification and approach:</i> The focus is here on how policy efforts were understood and implemented by various Departments, sections and embassies as part of the Norwegian aid administration			
<p>Coherence and consistency of policy efforts</p>	<p>Extent to which country lists for various portfolios are aligned with overall priority country lists</p> <p>Clarity of selection criteria underlying country lists</p> <p>Extent to which the thematic areas are prioritised in partner countries</p> <p>Extent to which thematic areas are focused on priority countries</p> <p>Extent to which partner and agreement reduction is given attention within partner countries and within thematic areas</p> <p>Consistency of report-back in budget proposal to Parliament on previous year's results with respect to the three types of concentration</p> <p>Consistency in internal reporting requirements on previous year's results with respect to the three types of concentration</p> <p>Consistency in use of thematic/sector definitions and potential overlap/merging of definitions to allow for wider thematic coverage</p> <p>Exemptions are clearly formulated and operationalised for all relevant departments sections in Norwegian aid administration (including embassies)</p> <p>Availability and contents of operational instructions to grants-making decision-makers in MFA and Norad on the three types of aid concentration and their consistency over time</p> <p>Extent to which objectives for the three types of aid concentration are well articulated and aligned</p> <p>Evidence of presence and use of clear reporting procedures regarding the three types of aid concentration adjusted over time</p> <p>Evidence of annual reports showing degree of realisation of aid concentration targets by decision-making units across the three types of aid concentration</p>	<p>Document analysis</p> <p>Interviews</p> <p>Case studies</p> <p>Validation workshops</p>	<p>Policy and internal documents both at strategic level and case study level</p> <p>Documents partner agencies</p> <p>MFA, MCE, Norad, embassy staff</p>

Efficiency and effectiveness			
EQ3 To what extent is the policy likely to improve the effectiveness and efficiency of the aid administration's management of aid?			
<i>Justification and approach:</i> In line with the explicit focus of this evaluation, this question aims to assess the intermediate outcomes of aid concentration efforts and realisation of aid concentration in particular for the Norwegian aid administration and also for implementing partners, including unanticipated effects.			
Changes in transaction costs for the Norwegian aid administration	<p>Perceived opportunities to reduce time allocated to transaction cost type activities</p> <p>Changes in time spent on the various types of transaction costs (search, bargaining and decision and policing and enforcement costs) for staff members and within teams managing specific types of aid or portfolios</p> <p>Changes in administration costs related to specific aid concentration measures such as starting an agreement every year vs extending the same agreement for several years, combining all agreements with one NGO in a framework contract vs multiple contracts, closing down of agreements, managing larger agreements, etc.</p> <p>Changes in transaction costs in the Norwegian aid administration as perceived by partner agencies</p>	<p>Document analysis</p> <p>Interviews</p> <p>Case studies including a focus group health</p> <p>Validation workshops</p>	<p>Policy and internal documents both at strategic level and case study level</p> <p>Documents partner agencies</p> <p>MFA, , Norad and embassy staff</p> <p>Implementing partners/NGOs</p>
Reduced management complexity	Facts and findings on more focused and streamlined aid portfolios	<p>Portfolio analysis</p> <p>Interviews</p>	

<p>Changes in aid management practices Norwegian aid administration</p>	<p><i>Improved dialogue with partners and better support to aid implementation</i></p> <ul style="list-style-type: none"> - Changes in balance between administrative/agreement management duties and programming content (e.g. content/overarching tasks, for example policy dialogue with partner countries, relationship and trust building, evidence collection, and evaluation; strategic dialogue implementing partners, RBM) - Better focus within portfolios and clearer prioritisation due to aid concentration - Perceived decrease of work pressure due to aid concentration <p><i>Improved results-based management</i></p> <ul style="list-style-type: none"> - Evidence of more time spent on specific tasks that add value to implementation - Improved and more transparent reporting on results - Improved learning from evaluations, best practices, etc. - Measures taken to avoid adverse effects - Monitoring of changes in administrative costs for implementing partners <p>(Anecdotal) evidence on better results that can be contributed to the aid concentration policy</p>	<p>Document analysis</p> <p>Interviews</p> <p>Case studies including a focus group health</p> <p>Validation workshops</p>	<p>Policy and internal documents at both strategic level and case study level</p> <p>Documents partner agencies MFA, Norad and embassy staff</p> <p>Implementing partners/NGOs</p>
<p>Changes in transaction costs for partner agencies</p>	<p>Changes in transaction costs of partner agencies that can be related to the aid concentration policy</p> <p>Changes in aid management practices that can be related to the aid concentration policy elements</p> <p>Evidence of improved focus and better prioritisation as a result of aid concentration</p> <p>Perceptions of the dialogue with Norad on aid concentration issues</p> <p>Changes in average volume of contracts/agreements with Norad (2013-2018) by selected implementing partner</p> <p>Evidence of geographic and thematic concentration related to agreement reduction</p> <p>Time spent on tasks other than administration due to aid concentration</p>	<p>Document analysis</p> <p>Interviews</p> <p>Case studies</p> <p>Validation workshops</p>	<p>Policy and internal documents both at strategic level and case study level</p> <p>Documents partner agencies MFA, , Norad and embassy staff</p> <p>Implementing partners/NGOs</p>
<p>Efficiency and effectiveness</p> <p>EQ4 To what extent is the concentration policy likely to improve the results of aid (with respect to both effectiveness and efficiency)?</p>			
<p>The answer to this question will depend on triangulation and validation of findings to the other questions (see section 3.4)</p>			

Evaluation methods

Data collection methods

For this evaluation a mix of qualitative and quantitative methods has been used. All data collection has been conducted in line with OECD DAC evaluation principles and ethical standards (2010). This includes for instance that in designing and carrying out the evaluation study, the evaluation team has acted with integrity and honesty, that they respect human rights and differences in the culture, customs, religious beliefs and practices of all stakeholders; and that they are mindful of gender roles, ethnicity, ability, age, sexual orientation, language and other differences. They have also explained to informants the limits to confidentiality and seek their informed consent.

Desk review of documents

During the inception phase a start was already made on the collection and analysis of various groups of documents at the various levels of analysis (see the References in main report), which has been further continued and deepened during the implementation phase:

- Norwegian policy documents (White Papers, budget proposals, letters of allocation, documents on Norwegian aid administration (e.g. Guide on Norwegian aid administration), Norad evaluation reports, OECD-DAC peer reviews of Norway, and other relevant publications on Norwegian aid);
- Internal documents such as Notes (*Notat*) regarding the various types of aid concentration, budget cycle documents including annual instructions to the embassies (“Årsinstruksen”), the new country strategies for priority partner countries, status updates on agreement reduction and transaction costs from the MFA, MCE and Norad, etc;
- International literature on aid concentration and aid fragmentation and on the evolving international aid effectiveness agenda (e.g. Evaluation of the Paris Declaration, recent evaluations and studies of principles of aid effectiveness related to aid concentration);
- Documents on aid concentration, aid coordination and the evolving aid effectiveness agenda regarding the two selected partner countries Malawi and Afghanistan;
- White Papers on Health, documents on aid effectiveness in health (for example, International Health Partners), use of the various aid channels and modalities;
- Strategy and other documents of selected partner agencies relating to aid concentration and on Norwegian aid to specific programmes, projects and funds.

The desk review of documents has been structured in line with the evaluation matrix in order also to feed the mapping exercise and the in-depth interviews and has allowed for good validation and triangulation in the analysis and finalisation phase.

In-depth interviews

In various phases of the evaluation in-depth interviews have been conducted with the following groups of stakeholders (see Annex 2 in main report for a complete overview):

- MFA staff Department for Regional Affairs, Section for Budget and Coordination; Department for Economic Relations and Development, Section for Development Policy and Section for Grant Management; Department for UN and Humanitarian Affairs;
- Norad staff: Department for Quality Assurance, Civil Society Department, the Knowledge Bank, Department for Climate, Energy and Environment, Department for Education and Global Health, Department for Economic Development, Gender and Governance, Department for Human Resources and Administration;
- MCE;

- Embassies in the two selected partner countries Afghanistan and Malawi;
- Staff of selected implementing partners including NCA for the case study, but at least two other of the five main Norwegian NGOs to discuss their experiences over the last five years with regard to Norad/MFA funding, both for humanitarian/emergency aid and with a focus on longer-term development.

Most interviews in Norway were face-to-face, while additional interviews *via* Skype or phone have taken place. The team has conducted interviews on the basis of an interview guide that is based on the evaluation matrix. The team has also used a specific template, which is based on the evaluation matrix so as to enable easy consolidation.

Initially it was planned to conduct some focus group discussions, but the planning proved to be problematic. In some cases, more than one interviewee was present from the specific section, department or organisation. However, in these cases the interview format and template was still used.

Data analysis methods



Portfolio analysis: aid concentration mapping

The portfolio analysis is the main input for answering the second Evaluation Question: To what extent is aid concentration achieved? In Annex 4, the methodology for the portfolio analysis is set out in detail.



Validation Workshops

Already in the ToR and Technical Proposal, validation workshops with the evaluation department and key stakeholders with the Evaluation Department and key stakeholders were foreseen, which is an important element of the utilisation-focused evaluation approach. A distinction has been made between, on the one hand, meetings with stakeholders to discuss deliverables of the evaluation such as the inception report, the mapping of changes in concentration report and the draft final report, which are organised by the Evaluation Department; and, on the other hand, validation workshops organised by the evaluation team. The evaluation team organised two validation workshops towards the end of the inquiry phase:

- One workshop at the end of the implementation phase to discuss preliminary findings (including the mapping exercise), preliminary conclusions and recommendations. This will allow identification of gaps in information and verification of the robustness of conclusions, which is part of the process of validation and triangulation (see below). Also the issue of generalisability of findings (i.e. external validation) will be addressed.
- One validation workshop with Norwegian CSOs including “the five big” and some umbrella organisations.

In both workshops, a set of preliminary findings/statements were presented by the evaluation team to the participants. The participants indicated whether they agreed, partially agreed or disagreed with the findings and provided additional arguments.



Validation and triangulation

Evaluation analysis is valid if it derives from several sources of information. It requires cross-verification and demonstration of the evidence on which an assessment is based. The validation workshops were already mentioned above as an important part of validation. Through validation confirmation bias can be avoided to some extent, although confirmation bias can already have occurred in the evaluation design and affect data collection. Therefore, assumptions regarding adverse effects have also been included in the Theory of Change and appear in the evaluation matrix, which means that in data collection testing of these assumptions is included.

Triangulation is a key factor in an evaluation to the extent that it fosters quality and soundness; it entails:

- **Confirmation** – by ensuring the consistency of findings obtained through different data collection tools and sources;
- **Enrichment** – by increasing the ability to assess and make explicit the multiple causes influencing the analysis;
- **Explanation** – by enabling the evaluator to deepen and widen understanding of the analysed question or issue.

As indicated above, it will be very difficult to establish any causal direct relations between the Norwegian aid concentration policy and the development results achieved (impact level), which presents the dilemma of **causal interference**. This is particularly important given the likely importance of confounding factors affecting aid concentration. If an intermediate or overall outcome is not *caused* by aid concentration policy efforts, it is not an outcome. However, we will leave room for establishing plausible linkages. Careful tracing of the various steps of the Theory of Change including assessing any potential adverse effects such as a shift of transaction costs from Norway to implementing partners, and testing other underlying assumptions should allow establishment of at least causal links at up to the level of intermediate outcomes. At the level of outcomes and impact, plausible linkages will be explored. The validation workshops are an important method of validating preliminary findings in various groups of stakeholders.

Annex 4 – Portfolio analysis

This Annex is divided into four sections. Section A4.1 describe in details the data and overall methodological choices that guided the portfolio analysis and the subsequent limitations. It also includes an explanation of the Theil Index. The other three sections concern respectively the definition of scope, methodological choices and limitations for each type of aid concentration. Section A4.2 addresses geographical concentration, Section A4.3 thematic concentration and Section A4.4 partner and agreement reduction. Each of these sections also presents some additional figures to complement the analysis in the core report. During the inquiry phase a draft Aid Concentration Mapping Report (February 2020) was discussed with the Evaluation Department and main stakeholders. Extensive comments on this Mapping Report have been taken into account in the elaboration of the draft final report and in this Annex.

A4.1 Data and Methodological choices

This section starts by presenting the overall data and methodological choices and limitations, and then details the approach to each dimension of aid concentration separately. In particular, for the geographical, thematic and partners and agreement concentration, it specifies:

- the scope of aid that is concerned, *and*
- how aid concentration was measured.

Data and overall methodological choices

The portfolio analysis (or aid concentration mapping) relies almost entirely on the Norwegian aid statistics from Norad/MFA (hereafter referred to as the “Norwegian aid statistics”) over the period 1999-2018. The data are reported annually to the OECD Development Assistance Committee (DAC) and therefore most of the variables follow the standards, definitions and directives of the OECD DAC. In particular, the data use the DAC definition of Official Development Assistance (ODA). The only other data source comes from the OECD DAC in order to document “inputted” contributions of multilateral institutions to the health sector (see the section on thematic concentration below).

Norwegian aid statistics data have been collected since 1960 from various sources including Norad and the MFA.⁴ Ye, the format of collected aid data has changed over time (following the evolution of the OECD DAC norms) and only limited, or inconsistent, information is available prior to 1999. Therefore, the analysis relies on data from 1999, which have been collected in a consistent way until 2018. In particular the allocation of aid across different sectors is recorded according to the current DAC sector system and information on agreement partners is collected and recorded in a systematic way.

The Norwegian aid statistics cover the total Norwegian ODA and documents the amount of ODA committed to each agreement and disbursed to each specific budget line (defined by the “chapter” and “post” variables) over time. In addition it includes several characteristics of the agreement. Norad’s statistical classification manual provides a detailed description of most of the variables.⁵

The Norwegian aid statistics record different types of agreements: “standard” agreements, “framework agreement” (i.e; *Ramme*) or “sub-frame” agreements (i.e. *Delramme*). Only standard and framework agreements constitute a legal agreement between an agency (i.e. Norad or the MFA) in charge of managing the overall project and an “agreement partner” responsible for implementing the agreement. Sub-frame agreements are recorded

4 Additional institutions include other ministries, the Peace Corps, Diku (the Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education), Norfund and the Office of the Auditor General. (Source: Norad, Statistics Section – Department for Quality Assurance, “Changes in Norwegian Aid Statistics, 2014.”).

5 Norad (2019), « Statistical classification manual », Norad’s Department for Quality Assurance.

to provide a more detailed account of the allocation of ODA across sectors and countries. In addition there are addenda to framework contracts, which consist of additional agreements. These addenda are taken into account in the analysis as separate agreements.

The Norwegian aid statistics include variables that are necessary and sufficient to identify the ODA subject to concentration efforts. In particular, this dataset has the unique advantage (notably regarding the OECD Credit Reporting System data) of including information about “budget lines” that are crucial to identifying areas development aid exempt from geographical concentration. The variables required to identify the scope of aid subject to the different types of aid concentration include:

- *Type of assistance*: this classifies the aid into four categories: earmarked contributions to multilateral institutions, core contribution to multilateral institutions, bilateral aid, and the contribution to the Norwegian administration.
- *Extending agency*: this identifies the agency managing a given agreement, for example Norad or an Embassy.
- *Chapter and post codes*; these refer to the budget lines used to finance a specific agreement and are necessary to identify the budget lines exempt from geographic concentration efforts.

Overall, the analysis of aid concentration:

1. focuses on the Norwegian ODA that is managed directly by the MFA or Norad: based on the variable “*extending agency*”, only the aid managed by Norad or the MFA (including the Embassies) is retained. The aid managed by Norfund, Norec, the MCE and other Ministries is excluded. There are several reasons for this choice:
 - It allows a focus on the aid for which aid concentration policy efforts clearly apply (the status of aid concentration for the aid managed by Norfund and Norec is unclear and does not apply to other ministries).
 - It ensures consistency across the analysis and simplifies interpretation of the results (e.g, including the other extending agencies would have implied adjustment of the scope - depending on the type of analysis - and generated much uncertainty for interpretation).
 - The aid managed by Norfund is not recorded in a consistent way over time. Norfund activities were recorded as ODA agreements only prior to 2014, from which date only the capitalisation of the fund is recorded as ODA.
 - When counting agreements, Norec should be excluded as the agreements do not represent juridical agreements, but have been recorded at a more detailed level to enrich the dataset.
2. excludes the aid allocated to “refugees in donor countries”. The aid allocated to refugees in donor countries is at odds with the other types of development assistance. This response to an emergency situation has triggered a massive response (around 15% of aid commitments) over a very short period of time (2015 and 2016). Moreover, aid to refugees in donor countries is attributed to specific countries (of refugee origin) although most of the disbursements will actually take place in (and will benefit) Norway. This generates some confounding factors in the data which should be avoided as was discussed with the Evaluation Department and main stakeholders when the aid concentration mapping report was presented.

Two variables document the volume of aid in the Norwegian aid statistics:

- Commitments correspond to the total amount of funding committed by Norway for the entire duration of an agreement (i.e. commitments are not recorded by year). Commitments are recorded by the starting date of an agreement.
- Disbursements correspond to the amount actually disbursed each year for each budget line of the agreement. It can take negative values if a balance has to be returned to Norway at the end of a project for example.

In the literature, aid concentration is often measured from the commitments as they better reflect the original intent of ODA allocation from the donor in comparison to disbursements which also depend on the capacities and constraints on the recipient side. Another advantage of using commitments is that the information is continuously available for each year of the period. This is not the case with disbursements, which are observed with some delay, and therefore cannot give precise information on the allocation of ODA at the end of the period, when most policy efforts took place.

Yet commitments are by nature more volatile than disbursements (as apparent in Figure 2.2), which can hinder interpretation of the results. In addition, the difference between commitments and the sum of disbursements is relatively small overall and nil for more than two-thirds of the agreements. Indeed, when the sum of disbursements for a given agreement is actually assigned to the year at which the agreement started (as for commitments), Figure 2.2 shows that disbursements are very similar to commitments overall, except at the very beginning and very end of the period. As expected, the disbursements are lower than commitments at the end of the period because some of the funds committed in the later years (i.e. 2016, 2017, and 2018) have not yet been disbursed.

The analysis will focus (mainly) on commitments to ensure that the latest funding decisions are accurately accounted for.⁶ The estimation based on disbursements can still provide interesting complementary information in some cases.⁷

The Norwegian aid statistics also records key variables for documenting geographical, thematic and partner level aid concentration:

- “*Recipient country*” provides information on the country or region benefiting from the Norwegian ODA and will serve as a basis for analysing geographical concentration.
- The “*main DAC sector*” provides information on the sector in which ODA is assigned. Although it does not perfectly reflect the thematic priorities it is the basis for the assessment of thematic concentration.
- Unique “*Agreement partner*” and “*agreement number*” allow to track the degree of partner and agreement concentration.

Theil index

Geographical and thematic aid concentration are (partly) documented with the Theil index, a widely used measure of economic inequality. In the context of aid concentration, an unequal subdivision of Norwegian ODA across countries or sectors can be interpreted as a more concentrated allocated of resources. This is reflected by a high value of the Theil index. The Theil index has a minimum value (of 0) when the resources are equally distributed, i.e. when all recipient countries receive the same share of ODA). Symmetrically, the Theil index has a maximum value corresponding to a situation in which all ODA would benefit a single country. The following provides a detailed discussion of the Theil index calculations used in the report.

6 The volatility of commitments can be reduced by computing a moving average of commitments over several years (typically 3 years). However, this would imply inputting some values (not using the exact amount recorded in the Norwegian aid data) and more importantly to drop one year of coverage. Thus, we decided not to present the results as a moving average.

7 To the extent that disbursements and commitments can be linked to the work burden for the aid administration, the annual nature of disbursements seems to provide a more accurate proxy for the actual work and transaction costs (at least in terms of policing and enforcement costs) incurred by the aid administration for a specific year. Thus, in some instance, looking at disbursements can provide an interesting complementary insight.

In line with Flogstad & Hagen (2017), the dispersion of aid across countries and sectors is measured with a standard Theil T index, which can be conveniently written as:

$$T_t = \sum_{n=1}^N \left(\rho_{nt} \cdot \ln \left(\frac{\rho_{nt}}{1/N} \right) \right),$$

where ρ_{nt} is the share of total aid received by recipient (or sector) n at time t , and N the total number of potential recipient countries (or total number of sectors). This allows it to be shown that when aid is maximally fragmented (or concentration is at a minimum), which corresponds to a situation in which each recipient (sector) receives the same proportion of aid (i.e. when $\rho_{nt} = 1/N$), then the Theil index indeed reaches its minimum value ($T_t=0$).⁸ Therefore, the Theil index should be interpreted as a measure of concentration (the higher the Theil index, the more concentrated the aid). The highest degree of concentration corresponds to a situation in which all aid is committed to a single country (sector), i.e. $\rho_{nt} = 1$, in which case $T_t = \ln(N)$, its maximum value.

Another reason for choosing the Theil index for measuring aid concentration is its decomposition property. The Theil index is *additively decomposable*, which means that it can be divided into a measure of aid concentration *within* and *between* specific groups. Following Bickenbach, Mbelu & Nunnenkamp (2017), we will provide a decomposition of the Theil index in two groups of interest: on the one hand the countries that have received zero aid commitments from Norway in a given year t , and on the other the countries that have received new aid commitments. In this specific case, the “within-group” component of the overall Theil index corresponds to the Theil index for countries with non-zero aid and can be interpreted as “the intensive margin” of concentration; the “between-group” component reflects the change in the number of countries receiving aid and can be interpreted as the “extensive margin” of concentration (Bickenbach, Mbelu & Nunnenkamp, 2017). In this specific case, the Theil can be written as:

$$T_t = \ln \left(\frac{N}{P} \right) + \sum_{p=1}^P \left(\rho_{pt} \cdot \ln \left(\frac{\rho_{pt}}{1/P} \right) \right),$$

where P is the total number of countries receiving non-zero aid.

Regarding the interpretation of the Theil indexes, it is important to stress that the Theil index is sensitive to the number of potential recipient countries as well as to the scope of the aid considered for the analysis. For this reason it is quite difficult to compare the Theil indices between studies and the level of the Theil index itself is not really informative. The Theil index would better inform aid concentration when compared between countries or for a given country over time, using a consistent methodology. Moreover, the volatility of aid commitments (which are used as the basis for measuring aid here) will transmit to Theil indices.⁹

A4.2 Geographical concentration

Scope of aid to which geographical concentration applies

As highlighted in Section 3.1 of the report, two main factors limit the scope of aid subject to geographical concentration:

1. Part of the aid cannot be attributed to a specific country, including:
 - 100% of core funding to multilateral institutions and administration costs;

8 Another theoretical possibility for which $T_t=0$ is when $N=0$ (i.e. there is only 1 recipient country or sector) which is not the case for Norway. P

9 Computing moving average (for example over 3 years) for aid commitments would allow to reduce the volatility of the Theil index but the results would not be affected keeping aid commitments as it is. Moreover, computing a moving average requires dropping of observations for 2018, which is problematic in this case as few observations are available after the beginning of the evaluation period in 2013.

- Around 31% of earmarked contributions to multilateral institutions and bilateral aid relating to regional or global interventions.
2. Part of the aid is exempted from geographical concentration: in addition to the aid not managed by the MFA and Norad and allocated to refugees in donor countries, specific budget lines (indicated in the Budget proposals from 2015 onwards) are exempt from geographical concentration, viz.:
- “Humanitarian aid” (i.e. *chapter codes* 190 and 191 from 1999 and 2002, and *chapter code* 163 from 2002 onwards),
 - “Civil society and democracy” (i.e. not specified before 2002, and *chapter code* 160 from 2002 onwards), and
 - “Peace, reconciliation and democracy” (i.e. *chapter code* 192 from 1999 to 2002, and *chapter code* 164 from 2002 onwards).

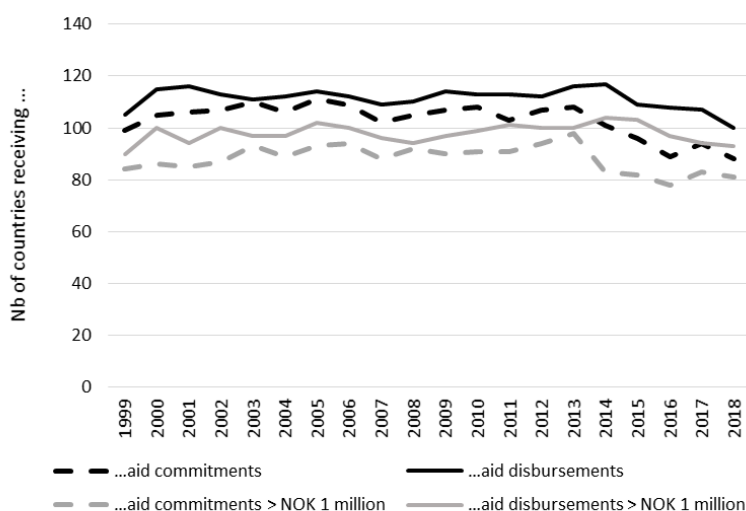
Notice that for consistency reasons the scope of aid excluded from the analysis on geographic concentration is wider than what is actually specified *stricto sensu* in the Budget proposals. The exemptions are only specified in the Budget proposals from 2015 onwards. In 2015, “Humanitarian aid” and “Voluntary organisations” were exempted. In 2016 and 2017, “Humanitarian aid” and “Civil society” were exempted. In 2018, “Civil society”, “Emergency and humanitarian aid” and “Peace, reconciliation and democracy” were exempted, and for the first time, a combination of *chapter* and *post* codes are specified (i.e. *chapter code/post codes* 163/70, 160/70 and 164/70). Excluding some budget lines for only a limited number of years would generate confusion in the data and therefore we decided to exclude these budget lines for the entire period of time. This is required to take into account the changing classification of budget lines in 2002 (as detailed above). Moreover, we decided to extend the exemptions to all the “*post codes*” within a *chapter code* (instead of focusing only on *post code* 70 as suggested in the 2018 Budget proposal). This way of handling the exemptions is based on interviews with MFA and Norad staff.

As a result, the analysis for geographical concentration is based on a subset of total ODA ranging from 48% of total aid commitments in 2000 to 15% in 2017 (see Figure 3.1 in Chapter 3). This corresponds to the scope of aid for which geographical concentration applies and can be measured over time

Measurement of geographical concentration

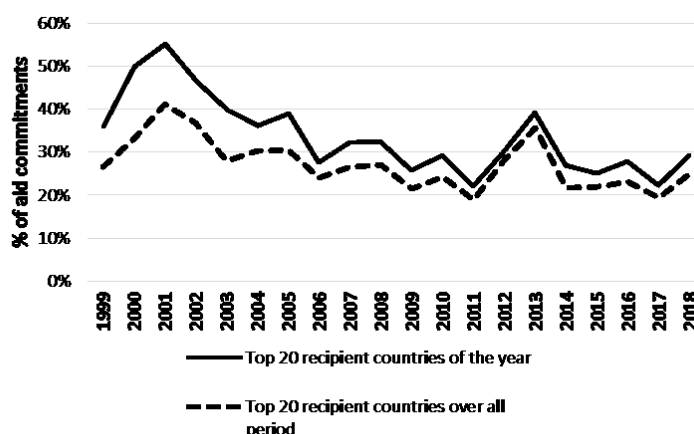
The simplest measures of geographical aid concentration document the number of countries receiving (a significant amount of) Norwegian aid. Figure A4.1 below displays the number of countries receiving any aid commitments (or disbursements) as well as the number of countries receiving commitments (or disbursements) above NOK 1 million. Another simple measure of geographic aid concentration documents the evolution of the share of aid received by top recipients. Figure A4.2 below displays the evolution of the share of aid committed to the top 20 recipients overall and for a given year.

Figure A4. 1 – Number of recipient countries, 1999-2018



Source: ADE's calculations based on Norwegian aid statistics (MFA/Norad)

Figure A4. 2 – Share of aid commitments to Top 20 recipient countries



Source: ADE's calculations based on Norwegian aid statistics (MFA/Norad)

The main measure of geographical concentration documents the distribution of aid commitments between “recipient countries” based on the subsample defined above. Two measures of geographical concentration are provided:

1. The Theil index for geographical concentration provides a measure of dispersion of the aid commitments (see above for a detailed description of the index). It is computed every year using the share of aid committed to each of the 136 countries that at any time received aid over the period. For the countries that do not receive aid in a given year, a value of 0 is imputed in the data. An alternative to using of the list of 136 countries that actually received aid would have been using the full list of recipient countries from the OECD DAC data. This would have led to a shift of the Theil index upward (i.e. increased concentration) but would have left unchanged the trend in the index over time. The Theil index for geographical concentration is also broken down into two components as detailed above.
2. The share of aid commitments to priority partner countries provides a simple measure of geographical concentration by focusing on countries that have been the focus of geographical concentration policy efforts during the period.

A4.3 Thematic concentration

Scope of aid to which aid concentration applies

As described in Section 4.1, the scope of aid for which thematic concentration is relevant is determined by one main factor: the possibility of observing the sector of intervention.

In this analysis, the sector of intervention is documented by the official OECD DAC sector classification which is widely used in the literature for this purpose. This classification is comprehensive and mutually exclusive: it assigns a unique sector (and sub-sector) to each agreement. However, for some interventions the sector is not specified, *viz.*:

- multisector interventions are saved in a specific category, core funding to multilateral institutions and administrative costs in another category.

Yet core funding to specific multilateral institutions can be attributed to a sector. This is the case for the following institutions:

- WHO, GAVI and GFATM which are attributed to Health,
- GPE and UNESCO to Education,
- WFP, UNCHR, OCHA to Humanitarian Assistance, *and*
- UN-REDD and UNEP to Environmental Protection.

On average over the period, interventions for which the sector is specified represent around 65% of total aid commitments. The analysis of thematic concentration exclusively focuses on this part of aid. As for the rest of the analysis, the aid not managed by the MFA or Norad, and the aid to refugees in donor countries is also excluded from the analysis of thematic concentration.

Measurement of thematic concentration:

The measures of thematic concentration are based on the allocation of aid commitments to an aggregate classification of the main DAC sectors over time. The major challenge to deriving relevant measures of thematic concentration arises from the fact that the Norwegian thematic priorities do not match the DAC sector classification (although for some thematic priorities the aggregate DAC sector can be considered as a proxy).

We understood from interviews that there is no classification tool to track consistently the allocation of Norwegian ODA across thematic priorities over time. Since thematic priorities also changed over time, there are serious doubts as to whether a measure of thematic concentration can be both consistent and in line with the specific thematic priorities in the context of Norway.

Therefore, using an aggregate of DAC sector to measure the thematic concentration of aid commitments over time is the only possible method of documenting thematic concentration in this context. Notice that using DAC sectors would produce a totally valid measure of thematic concentration. The limitation only concerns the relevance of this thematic concentration measure with respect to the thematic concentration policy efforts.

The DAC sectors have been aggregated as described in Table A4.1 below. In order to enhance the consistency of the classification with the thematic “targets” set up by Norway, some main DAC sectors have been merged. Thus the newly-created Health sectors combines Health and, Population policies and reproductive health. Economic infrastructures and services are merged, such as the different components of Humanitarian aid. As mentioned earlier, the categories “Multilateral/Administrative costs”, “Unspecified”, “Multisector” and “refugees in donor countries” are excluded from the analysis.

Out of the 14 aggregated DAC sectors, 5 sectors are used as a proxy for Norway’s thematic priorities:

- Education, mentioned as a priority theme in the allocation letters as from 2014;

- Health, which has been considered a priority every year since 2013 – although under the category “Global Health” for 2013 and 2014;
- Humanitarian Aid, which has been mentioned as a priority since 2016;
- General environment protection, which partly covers “Climate and Environment” in 2013, “Renewable energy” in 2014, “Energy and climate” in 2015, “Climate, environmental development work and renewable energy” in 2016, “Climate, environment and energy” in 2017 and “Climate, renewable energy and environment” in 2018; *and*
- Government and civil society, which partly matches “Human rights, democracy, good governance” in 2014 and 2015 and “Fragile states and conflict” in 2016.

These DAC sectors have been selected because they regroup well-defined activities that can be related to the main thematic priority areas (in particular for Education, Health and Humanitarian aid). Government and Civil Society has always been an important thematic area, and is now a crosscutting issue. General environmental protection is a proxy sector for Climate, Environment (and the Ocean). The underlying assumption is that in the presence of aid concentration in the Norwegian thematic priorities, one should also observe an increase in the share of aid committed to these DAC sectors. Private sector development constitutes another important thematic priority for Norway over the period but could not be proxied by an aggregate of DAC sectors as it covers various activities scattered across too many DAC sectors.

As documented during the evaluation, core funding to specific multilateral institutions can constitute a substantial share of aid commitments in respect of a given thematic priority. This is particularly true for the health sector for which they represent up to 80% of commitments. To account for this, four aggregate DAC sectors also include core funding to specific international institutions (as explained above and in Table A4.1 below). This ensures that thematic concentration that transits through core funding of one of these international institutions would indeed be accounted for in the measures of thematic concentration.

Table A4. 1 – Table of correspondence between original DAC sectors, core funding to specific institutions and the aggregated DAC sectors used in the analysis

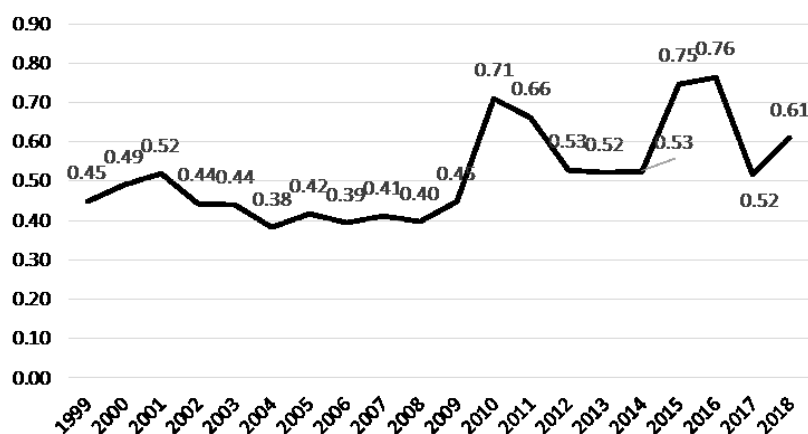
Main DAC sectors		Core funding to multilateral institutions	Aggregated DAC sectors
Name	Code		
Education	110	GPE, UNESCO	Education
Health	120	WHO, GAVI and GFATM	Health
Population policies and reproductive health	130		
Water and sanitation	140		Water and sanitation
Government and Civil Society	150		Government and Civil Society
Other infrastructure and services	160		Other infrastructure and services
Transport and storage	210		Economic infrastructures & services
Communications	220		
Energy generation, distribution and efficiency	230		
Banking and financial services	240		
Business and other services	250		
Agriculture, forestry and fishing	310		Agriculture, forestry and fishing
Industry, mining and construction	320		Industry, mining and construction

Trade policy/adjustments and tourism	330		Trade policy/adjustments and tourism
General environmental protection	410	UN-REDD and UNEP	General environmental protection
General budget support	510		Commodity aid & general budget support
Developmental food aid	520		
Other commodity assistance	530		
Action relating to debt	600		Action relating to debt
Emergency Response	720		Humanitarian aid
Reconstruction relief and rehabilitation	730	WFP, UNCHR, OCHA	
Disaster prevention and preparedness	740		

Based on the aggregated and revised DAC sectors above, two main measures of thematic concentration are proposed:

- The Theil index for thematic concentration measures the dispersion of aid commitments across the 14 aggregate DAC sectors over time. Since those 14 sectors used for computing the Theil Index do not necessarily reflect the Norwegian thematic priorities, the trend in the Theil Index cannot be easily interpreted in the light of the thematic aid concentration policy efforts. The trend in the Theil index for thematic concentration indicates an overall increase in aid concentration based on the DAC sectors over the period (Figure A4.3). However, the two substantial peaks in the index precludes the drawing of any definitive conclusions.

Figure A4.3 – Theil index for aggregate DAC sectors concentration



Source: ADE's calculation based on the Norwegian aid statistics (MFA/Norad)

- **The share of aid disbursements (and commitments) to proxy DAC sectors for the thematic priorities** constitute the most important measure of thematic concentration. Figures A4.4 and A4.5 display the share of aid commitments to the aggregate DAC sectors in line with the thematic priorities. Given the volatility of aid commitments, the share of aid disbursements is presented in Chapter 4. However, the trends in the share of aid commitments confirm the findings: only environmental protection displays a

clear positive trend over the period. Health commitments are presented in a separate figure as there is a separate case study on health (see Annex 7) in which health disbursement data are presented.

Figure A4.4 – Share of aid commitments by DAC sectors in line with four thematic priorities, 1999-2018

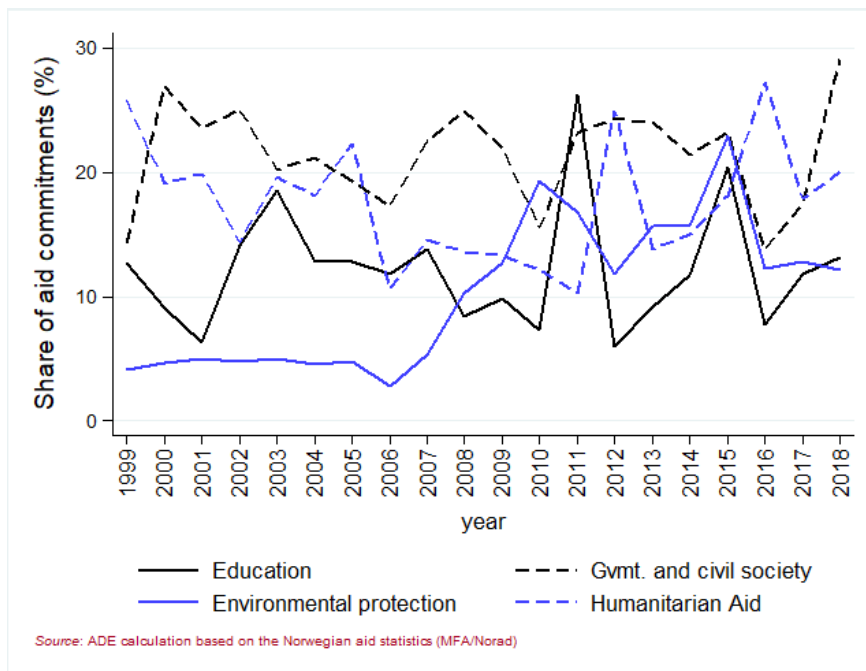
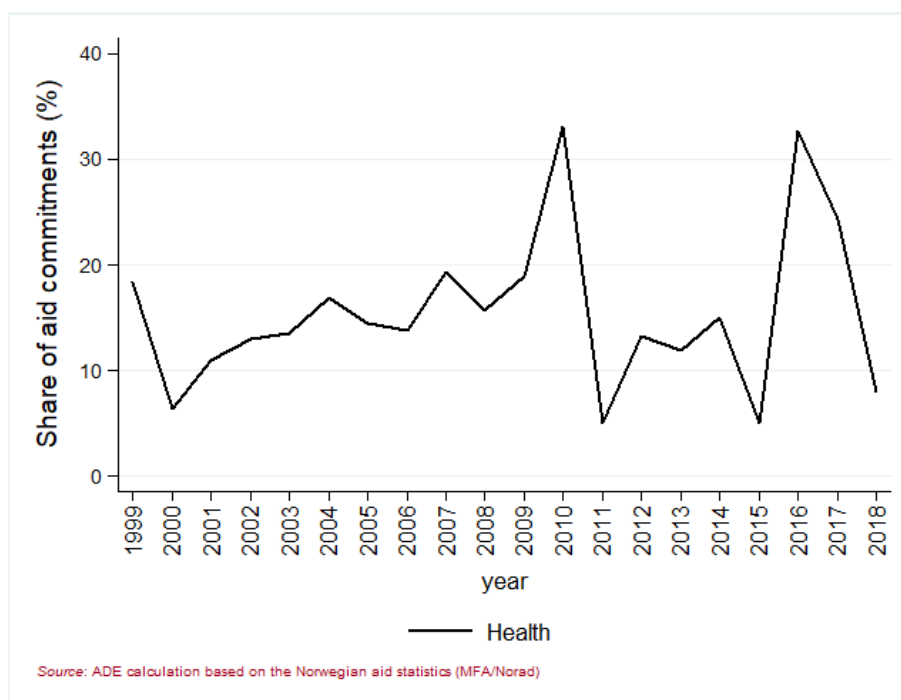


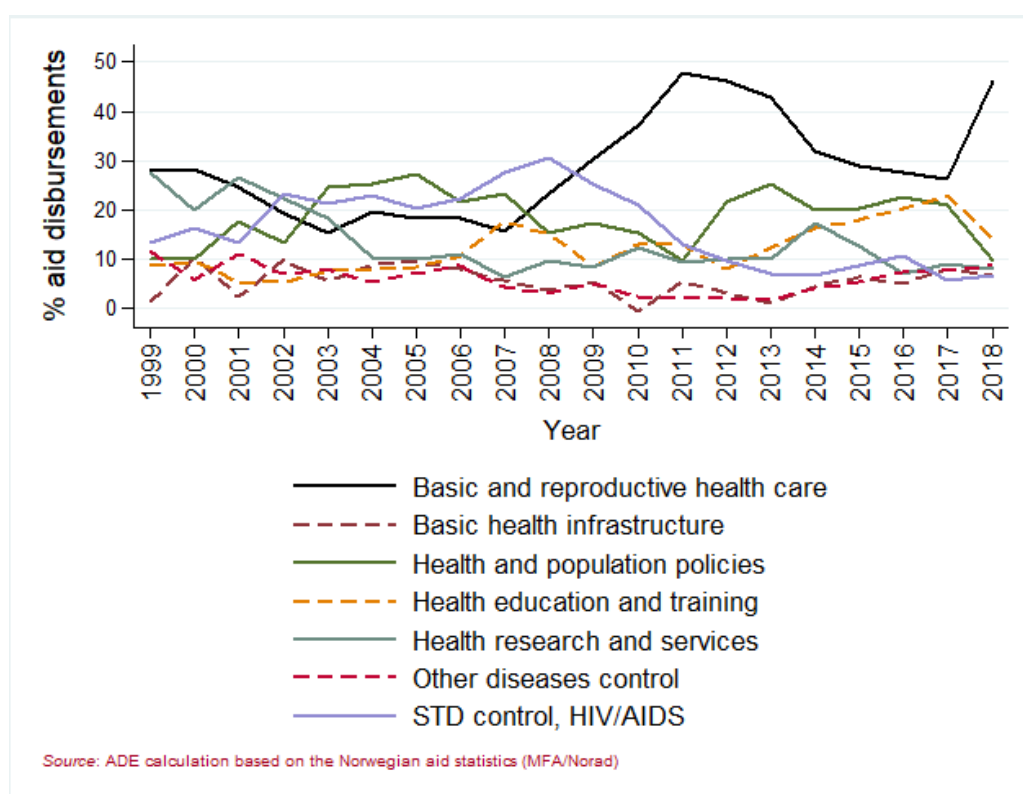
Figure A4.5 – Share of aid commitments to the Health sector, 1999-2018



As part of the case study analysis on the health sector, the concentration of aid disbursements within the Health sector is documented. The measure of aid concentration within the health sector is based on the evolution of the share of aggregated DAC sub-sectors (see Figure A4.6 below). The DAC sub-sectors within the Health sector are aggregated as follows:

1. "Basic and reproductive health care" includes "Basic health care", "Basic reproductive health care", "Family planning" and "Basic nutrition"
2. "Basic health infrastructure" remains unchanged,
3. "Health and population policies" includes "Health policy" and "Population policy"
4. "Health education and training" includes "Health education", "Health personnel development" and "Medical education and training",
5. "Health research and services" includes "Medical research" and "Medical services"
6. "Other diseases control" includes "NCDs control", "Promotion of mental health", "Harmful use of alcohol, etc.", "Infectious disease control", "Other prevention and treatment...", "Malaria control" and "Tuberculosis control", and
7. "STD control including HIV/AIDS" remains unchanged.

Figure A4.6 – Share of aid disbursements by aggregated DAC sub-sectors within the Health sector



A4.4 Partner and agreement concentration

Scope of aid subject to partner and agreement concentration

As mentioned in Section 5.1, the scope of partner and agreement concentration is not restricted to specific sectors or geographical areas. Therefore, the overall scope for the evaluation applies: partner and agreement concentration is measured for the aid managed by the MFA or Norad excluding the aid for refugees in donor countries.

Measures of partner and agreement concentration

The main measure of partner and agreement concentration consists of counting the number of partners and agreements over time. This raises two main questions:

1. Selection of a method of counting new partners and agreements: there are two possible approaches to this selection: (i) counting the number of new agreements each year (and the corresponding partners) or (ii) counting the number of active agreements and partners. We opt for the latter as it corresponds to the approach selected by the MFA and provides a more accurate picture of the situation of the Norwegian aid administration in a given year.
2. Identify partners and agreements in a unique way:
 - The variable “agreement partner” provides a unique identifier for each agreement partner and therefore allows documentation of the trend in the number of active partners over time.
 - Counting the number of agreements is more complex as there are different types of agreement (see explanations above). Only standard and framework agreements should be counted, while all the sub-frame agreements belonging to the same framework agreement should be counted as only one agreement. We follow the methodology developed by the Statistics section of the Norad’s Department for Quality Assurance for counting the number of agreements. The variable “agreement number” provides a unique agreement identifier only at the sub-agreement level, but the sequence of digits in the agreement numbers allows isolation of sub-agreements within the same framework agreement. More precisely, the sub-frame agreements have an agreement number in the following format: “QZA-18/0159-01, QZA-18/0159-02, QZA-18/0159-03” etc. The last two digits represent the unique sub-frame agreement while the first (common) part of the agreement number (i.e. QZA-18/0159 in this particular case) identifies a unique framework agreement. All the agreements recorded as “sub-frame agreements” have this type of sequencing. Surprisingly however, some of the agreements recorded as “standard agreements” in the data prior to 2004 also fit this sequencing. Regardless of the recorded information for the type of agreement, we consider that any agreements fitting this structure should be grouped together under a single framework agreement.¹⁰ The number of agreements obtained following this method corresponds to the solid line in Figure 5.4 of the report. A similar method is used to document the number of agreements per agreement partner (Figure 5.5 of the report).

¹⁰ Notice that when we restrict the scope of sub-frame agreements to the agreements for which the variable type of agreement is equal to « Delramme », the results are unchanged after 2004.

Annex 5 – Case study Malawi

From 2002 to 2019, Norway had nine priority partner country lists as a tool for implementing geographical aid concentration. It was decided to select two priority countries as case studies for this evaluation. The starting point was an analysis of which countries featured prominently on Norway's priority country lists. One country was selected from the group of conflict-affected States and one country from the list with long-term development partners¹¹. For the final selection of the two partner countries for the case studies, detailed selection criteria were developed in the inception phase and approved by the Evaluation Department (see Annex 3).

Malawi, a Lower Income Country in Southern Africa, was on all nine priority partner country lists in the group of long-term development partners. Between 1999 and 2018 Malawi has been among the top sixteen largest recipients of Norwegian cooperation financing on sixteen occasions.

As with the other case studies, the Norad aid database is the primary source of the portfolio analysis presented in this case study. Other documents reviewed included the budget allocation letters, relevant evaluations (such as the country evaluation brief available on the Norad country profile page) and reviews and pertinent policy documents, all mentioned in the body of the text below with references in footnotes. The Malawi desk in the MFA was interviewed and the head of cooperation from the Embassy was contacted with follow-up questions.

The strength of this case study is that it analyses aid concentration from a partner country perspective, which allows to analyse how thematic concentration and agreement and partner reduction have been realised at the level of Malawi, which is already a priority partner country since 2002. The case study sheds light on actual operationalisation of aid concentration policy measures on the ground (and the lack of operationalisation in some cases). It also documents the degree of aid concentration in the various areas and sheds some light on the effects of aid concentration.

The following limitations of this case study can be distinguished:

- Very limited amount of information available on evolution of Norwegian aid to Malawi. No country strategies available as these were not prepared for a long period of time and the country strategy prepared in 2019 is not yet formally approved and therefore not available to the evaluation team. No country evaluations of Norwegian aid to Malawi as the country evaluation brief deals primarily with evaluations of other donors.
- Limited number of interviews with only Norwegian aid administration staff, which had limited time available for the interview, which meant that not all evaluation issues could be discussed in-depth.
- No interviews with Malawi government representatives or other implementing partners, which means that the case study is only based on the Norwegian perspective. In the inception phase of the evaluation it was agreed that a limited number of remote interviews would not allow to collect meaningful information on such a complex issue as Norwegian aid concentration. Purposeful sampling would be very problematic as various Ministries deal with Norwegian aid and the composition of Norwegian aid may not be very well known.
- Analysis of effects of aid concentration is purely based on interviews, which means that it is based on perceptions of interviewees. Findings from interviews were validated and triangulated to the extent possible, but no evidence could be found on changes in time spent of aid administration staff.

This Annex first presents findings on geographical concentration, i.e. on how the country features as a geographic priority in financing decisions. It is then followed by findings on thematic concentration and partner and agreement reduction. The findings on each type of concentration are complemented by an explanation on how

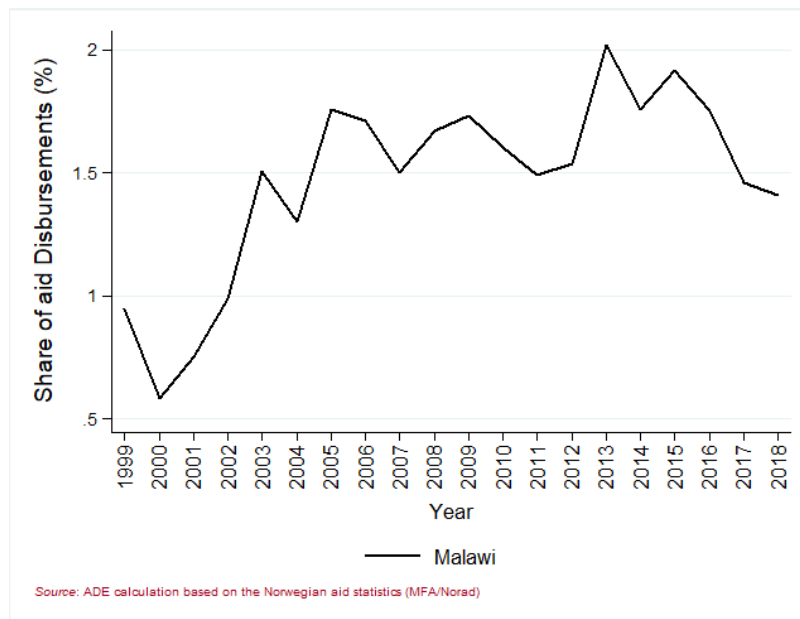
¹¹ The terminology used for the partner countries changed over time, see Annex 9 for details.

this links to aid policy concentration efforts. The case study then concludes with findings on the effects of aid concentration on aid management practices.

A5.1 Geographical concentration

Malawi has been a historical priority for Norway for decades. Figure A5.1 presents the evolution of disbursements in Malawi as a share of overall Norwegian aid. This shows that there is hardly any change between 2002 and 2018 as the percentage varied between 1.5% and 2%.

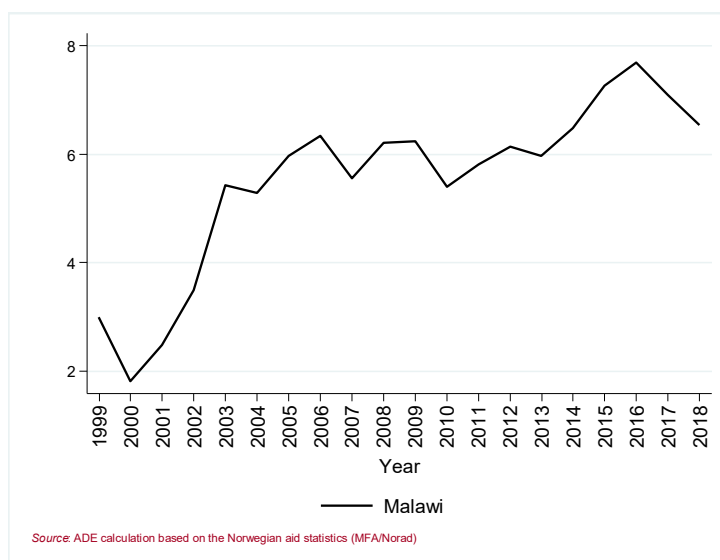
Figure A5. 1 – Share (%) of disbursements in Malawi of total Norwegian aid, 1999-2018



An explanation for this lack of evolution is that despite Malawi being a priority country, the share of Norwegian aid subject to geographical concentration rapidly decreased from 48% in 2000 to only 15% in 2018 (see Chapter 3). Malawi accounted for almost 2% of Norway's total disbursements in 2014-15 but by 2018 the share was less than 1.5%.

Figure A5.2 shows that the share of disbursements to Malawi subject to geographical concentration has remained stable at around 6% between 2002 and 2013. Disbursements increased to 8% in 2016 but declined again after. This is a proxy for Norway's country programmable aid to Malawi.

Figure A5.2 – Disbursements to Malawi as a share of overall disbursements subject to geographical concentration, 1999-2018



In the annual budget proposals, allocations for Malawi are made including some indications on thematic priorities. Support for Malawi in these budget proposals totalled NOK 478 million in 2017 and was expected to be at about the same level or slightly higher in 2019. Table 12.5 of the same document, shows, however, that the allocation of NOK 478 million is lower than in previous years, the allocation in 2015 being NOK 590 million; in 2014, NOK 531 million; and in 2016, NOK 526 million.

Apart from the annual budget proposals, there have been limited tools for operationalising geographical concentration *via* priority countries. According to the literature, a comprehensive country strategy could go a long way towards providing a common strategic framework for priority countries as is the norm for many other donors such as Denmark, the United Kingdom and the European Commission. However, whilst Norway prepares annual work plans, it did not prepare country strategies for a long period of time. In 2019 country strategies for priority countries were developed, including for Malawi. These strategies are not yet formally approved and were not made available to the evaluation team.

A5.2 Thematic concentration

The *Proposisjon til Stortinget* for budget year 2019 explains that “Health, education and agriculture are the main priorities in Norway's development cooperation with Malawi.” Support is also given for measures that promote good governance, civil society and Malawi's further democratic development. These thematic priorities are listed in the budget allocation¹² letters’ to the Embassy – for example, the 2019 letter¹³ allocates NOK 100.5 million for health, NOK 128.5 million for education and NOK 140 million for (food security and) agriculture (a further NOK 45 million is allocated for special operating expenses, business development and trade and ‘likestilling’ or equality).

The same thematic priorities are clearly stated on the Norad website. Thematic priorities have been decided progressively in dialogue between the Embassy and Oslo over many years. According to interviews with MFA staff, other themes had been explored at times but were considered less feasible.

However, when comparing the stated thematic priorities to those in Norway’s 2018 work plan for Malawi, there are some quite different definitions and in various workplans and budget proposals up to seven sector priorities

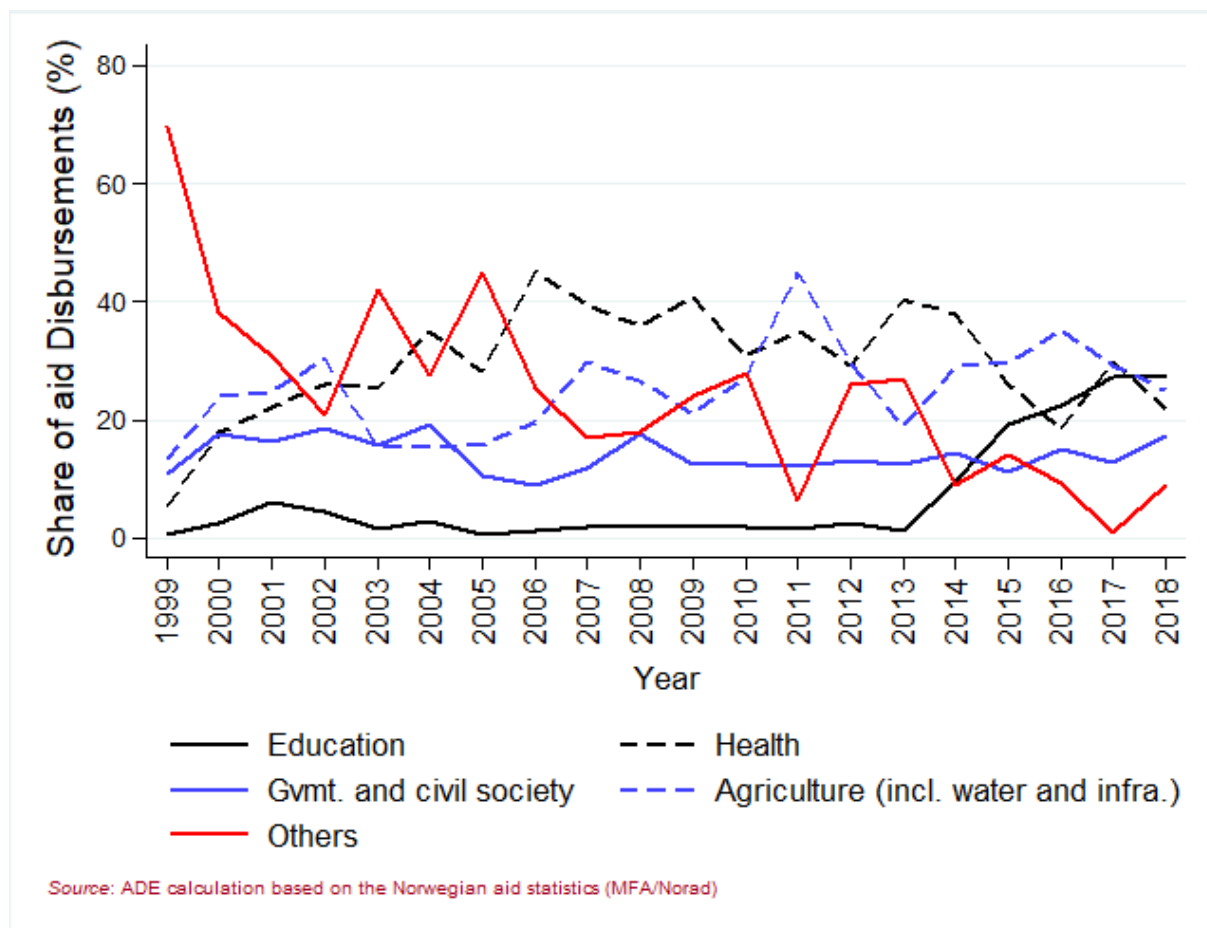
¹² Tildeling 2019: Utenriksstasjon : LILONGWE ambassade

¹³ 2019 VP - Tildeling-Budsjettposter-Oversikt, Page 1 (of 1)

are defined. This reveals a lack of alignment and agreement around key thematic priorities. The thematic priorities are also not elaborated in more detail and no targets have been set.

Figure A5.3 presents the trend in actual disbursements to the main sectors in Malawi, based on DAC sector codes as that is the only way to track thematic priorities. After 2013 there is a discernible increase in proportion of disbursements to education rising from a negligible proportion of disbursements in 2013 to 30% of all disbursements by 2018. Disbursements to government and civil society were fairly consistent between 2013 and 2018 at around 17% of disbursements. Disbursements to the thematic priorities of health and agriculture have fluctuated but always remained above 20%.

Figure A5.3 – Share of aid disbursements in Malawi by DAC sectors, 1999-2018



This shows that the sector disbursements are in line with at least four of the broad thematic priorities defined in the annual budget proposals. The fact that Norway is active in four main thematic areas means that Norwegian aid in Malawi is still rather proliferated from an aid effectiveness/ Division of Labour perspective, where it was agreed that donors at country level would focus on not more than two to three thematic priorities or sectors (see Chapter 4) In addition, humanitarian and emergency-context -specific priorities such as those related to floods and food shortages have introduced pressing short-term needs that detract from thematic concentration priorities, even although this is not apparent from the portfolio analysis. Therefore, the analysis does not point in the direction of clear thematic concentration at country level in line with the Code of Conduct on the Division of Labour.

Malawi is the only country for which Norway has kept a bilateral health portfolio. Figure A5.3 shows, however, that the share of health declined from 40% in 2015 to 20% in 2018. Norway’s support for the health sector in Malawi is backed by its Vision 2030 commitment to health in cooperation. The annual letters of allocation to Norad from 2013 to 2019 inclusive also explicitly emphasise financing for health. Health also features prominently in the work plans for Malawi. More information on the trend in health sub-sectors is to be found in the section on partners and agreements. This shows that, in line with changes in the context, the focus of health

activities was initially on HIV/AIDS and basic healthcare, but shifted gradually towards sexual and reproductive health and medical training (see Section A5.3).

More insight into thematic concentration can be provided by analysing the thematic focus of the ten largest agreements. Four of those ten agreements are classified as democratic participation, civil society or human rights thus falling under a broader democratic governance sector definition, which is not one of the thematic priorities since 2017. Of the remaining six, two are related to humanitarian programming (emergency food and disaster preparedness), two are on health, and one on social protection, the last one relating to support for statistics which appears to be related to contributing to a multi-donor sector-wide approach.

The data thus does not provide compelling evidence of more effective concentration at the thematic level in Malawi over the evaluation period.

A5.3 Partner and agreement reduction

Figure A5.4 shows the average size of agreements, the total number of agreements and total aid allocations by Norway to Malawi over the twenty years 1999-2018. Since 2013 the agreement size has averaged NOK 8.6 million. This is a marked increase compared with the six-year period 2007-2012 in which the average agreement size was NOK 5.5 million, or with the 1999-2006 average which was NOK 5.8 million. The data thus shows significant agreement concentration for Malawi from 2008 onwards. During the evaluation period the average size of agreement increased to over NOK 10 million in 2013, 2014 and 2017. The size of the average agreement fluctuates substantially but the evidence reveals a slightly positive trend with the average agreement size growing since 2012.

Figure A5.4 – Average budget size, median, bottom and top quartiles of agreements

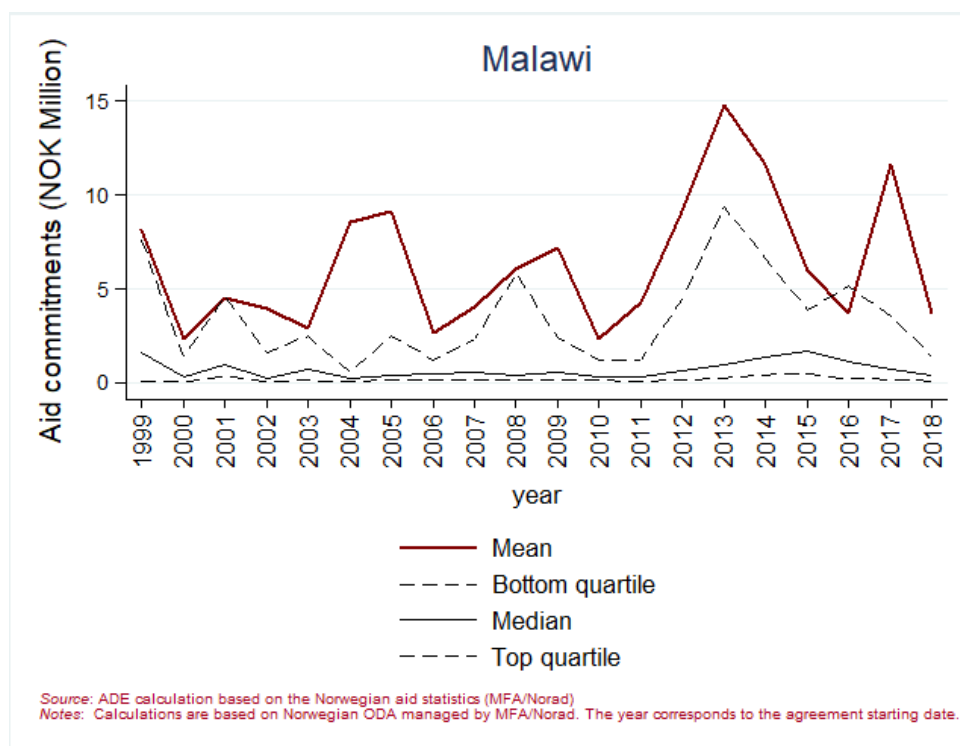
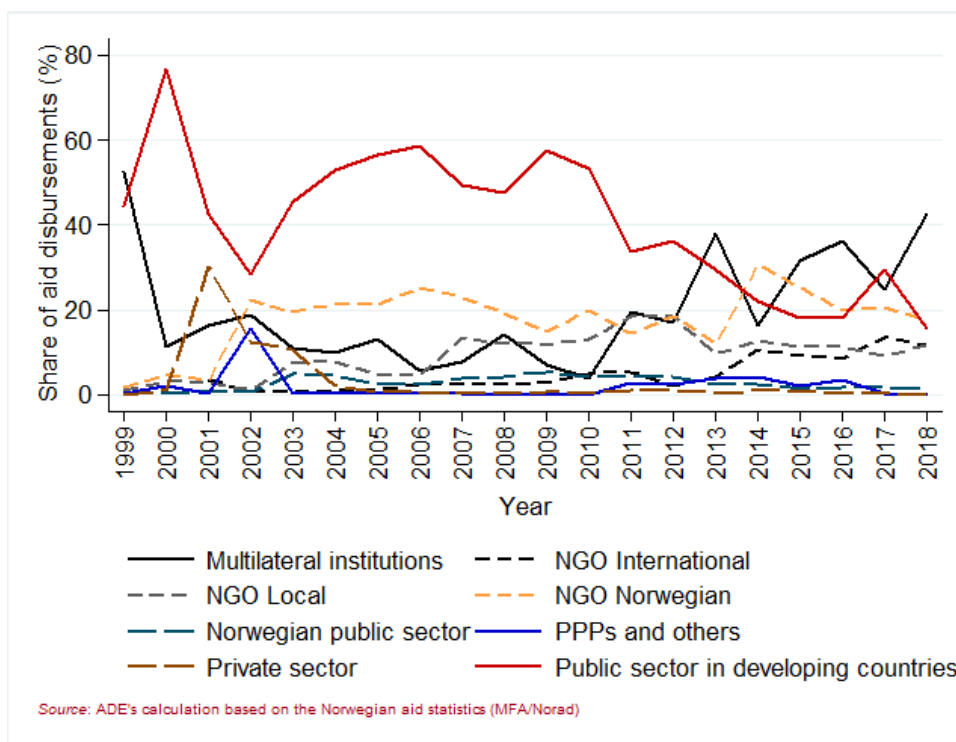


Figure A5.5 shows the proportion of aid disbursed to Malawi by year and by type of implementing partner. Worth noting is the drop-off in disbursements to public sector in developing countries since 2009. This corresponds with the overall decline of the public sector in partner countries as implementing partners. In the case of Malawi it also corresponds with the phasing out of budget support. Prior to 2014 Norway had reportedly provided budget

support through 13 agreements to the tune of about NOK 45 million annually between 2003 and 2013¹⁴ but nil since then. Budget support tends to raise the average size of agreements, implying that if budget support had not been cancelled, the average size of agreements could reasonably have been higher, and thus progress in concentration at agreement level might have been better than the data implies. The Government of Malawi was embroiled in a corruption scandal in 2014 (Cashgate scandal), which resulted in the cancelling of budget support activities. Norway still continued some implementation through partner government systems such as in supporting statistics and the elections.

The share of multilateral institutions doubled from 20% in 2002 to more than 40% in 2018.

Figure A5.5 – Share (%) of Disbursements to Malawi by Type of Implementing Partner, 1999-2018



Notably, as regards Norway’s health portfolio in Malawi, which is the only remaining bilateral health portfolio, there have been considerable changes since 1999. In 2003, of the largest agreements with Malawi (circa. NOK 10 million or more), one-half were classified as for health, four of them being through the partner government’s Ministry of Finance, the largest being NOK 26 million for an HIV/AIDS basket fund and another on HIV/AIDS financed through UNFPA. The remaining three large agreements were all through the Ministry of Finance averaging NOK 20 million, on basic health care, medical education and training and infectious disease control (which could also be linked to the HIV/AIDS response). Here it is important to put health in context in Malawi.¹⁵ The epidemic was at its most visible in Malawi during the years 2001-2004 when AIDS-related deaths had become a visible feature of everyday life¹⁶. But by 2008 the corner had been turned and with the successful rollout of Anti-Retroviral drugs death rates declined dramatically.

As should be expected, this change is reflected in Norway’s health portfolio in Malawi. By 2010 health was still the largest agreement signed but the focus had evolved to reproductive health along with medical education and training (NOK 30 million through KfW and NOK 20 million through the partner government but directed to the Malawi College of Medicine). 2013 was a major year for investments in health but also marked the move away

14 Coincidentally Norway’s last budget support agreement was signed in 2013 for the period 2013-2016 but was suspended shortly after.

15 UNAIDS 2020 Data Malawi <https://www.unaids.org/en/regionscountries/countries/malawi>

16 UNAIDS 2020 Data Malawi <https://www.unaids.org/en/regionscountries/countries/malawi>

from implementation through the partner government: in 2013, Norway committed NOK 132 million to health personnel development through the Clinton Health Access Initiative, NOK 40 million to basic health care through UNICEF, and NOK 30 million to family planning through Red Cross Norway, while the two agreements for medical education and training (along with financing for education) were then transferred to the University of Malawi. By 2018, however, the data shows that health had slipped in prominence among the largest agreements: UNFPA received NOK 19 million for reproductive health and the only other commitment above NOK 10 million for health was for Tuberculosis control (sadly, the large numbers of HIV-positive people now living on anti-retroviral treatments are more vulnerable to tuberculosis) and through Landsforeningen for Hjerte- og Lungesyke.

Agreements were also analysed to determine whether there were changes in the amount of funding for different types of implementing partner. For the purpose of this exercise we focused on the largest agreements. In Malawi multilaterals have benefited significantly. In 2010, there was only one new agreement for NOK 2.5 million for UNDP in 2010 increasing to five large new agreements averaging NOK 18 million in 2013. In 2013, in addition to big health agreements with multilateral partners, UNDP benefited from an agreement of NOK 14.5 million for the elections, UNIDO had a NOK 16 million agreement for trade related assistance, while UNWOMEN had a NOK 10 million agreement for gender equality. By 2018 there were eight new agreements with an average size of NOK 10.9 million with UNDP as main implementing partner of five different new agreements adding up to NOK 37.2 million covering activities from elections through policy development to private sector development, and two other big multilateral agreements with WFP for NOK 31 million and UNFPA for NOK 19 million for school feeding and family planning respectively. This shows that multilateral support is thematically quite dispersed across different thematic areas.

In 2010 Norway had also two large agreements with European Union Member States development agencies: one agreement for NOK 30 million with the German development bank Kreditanstalt für Wiederaufbau (KfW) and a second NOK 20 million agreement with the United Kingdom's Department for International Development (DFID). In 2010 Norway also had three large agreements with the Government, all with the Ministry of Finance and averaging NOK 14.57 million. However by 2018 no agreements were recorded with the Government.

The share of Norwegian CSOs fluctuated somewhat around 20% of total Norwegian aid to Malawi. The ten largest agreements to Norwegian NGOs averaged NOK 2.5 million in 2018. This represented a significant decline from 2010 when the average of the largest ten agreements was NOK 9 million. While this seems to indicate agreement reduction, it can be explained by the trend towards larger multi-year framework agreements with Norwegian CSOs. One of the policy efforts is to have as few specific agreements as possible at country level.

In 2018 there was one substantial agreement with a local NGO: NOK 29 million for the Tilitonse Fund. International NGOs, however, have benefitted markedly, from one agreement in 2010 for less than 0.5 million NOK to three large agreements in 2018, the largest being for NOK 29 million to Voluntary Service Overseas, the second largest of NOK 2.4 million to Campaign for Female Education, and the third largest for NOK 1.4 million to the Panos Institute.

A5.4 Effects on the aid administration

According to interviewees, the main perceived effect of partner and agreement reduction is that in terms of administrative workload there are fewer project files and fewer contract agreements for Norway's administrators to administer. This means that there is now more time for dialogue on quality, strategy and results focus between Norad, the Ministry of Foreign Affairs and the Embassy, particularly when it comes to what is being implemented with multilaterals.

Another observation cited by key informants is that pressure to resist concluding new agreements might be a disincentive to supporting new programming ideas that require new agreements. These programming ideas rarely get forgotten, however. Instead they can drive incentives for Norway to partner with implementing partners who are willing to deviate from their core mandate or focus at the whim of a donor.

Malawi is highly aid-dependent, receiving unearmarked programming support from many multilaterals that receive financing from Norway. The MFA was asked whether there had been any effort to measure or estimate the Malawi-specific results accruing from unearmarked funding. In this vein, it appears that Norway only loosely

monitors or reports unearmarked contributions to Malawi *via* multilateral organisations and global funds such as GAVI. The Embassy's priority is on agreements within their management control.

Annex 6 – Case study Afghanistan

Between 2002 and 2019 Norway had nine priority partner country lists as a tool for implementing geographical aid concentration. It was decided to select two priority countries as case studies for this evaluation. The starting point was an analysis of which countries featured prominently on Norway's priority country lists. One country was selected from the group of conflict-affected states and one country from the list with long-term development partners¹⁷. For the final selection of the two partner countries for the case studies, detailed selection criteria were developed in the inception phase and approved by the Evaluation Department (see Annex 3). Afghanistan was on all nine priority partner country lists in the group of conflict-affected partner countries.

As with the other case studies, the Norad aid database is the primary source of the portfolio analysis presented in this case study. Other documents reviewed included the budget allocation letters, relevant evaluations and reviews, and policy documents. The Afghanistan desk in the MFA was interviewed and the staff from the Embassy was contacted with follow-up questions. It should be noted that grant management is now undertaken in Oslo because of security risks and capacity problems at the Embassy in Kabul.

The strength of this case study is that it analyses aid concentration from a partner country perspective, which allows to analyse how thematic concentration and agreement and partner reduction have been realised at the level of Afghanistan, which is already a priority partner country since 2002. The case study sheds light on actual operationalisation of aid concentration policy measures on the ground (and the lack of operationalisation in some cases). It also documents the degree of aid concentration in the various areas and sheds some light on the effects of aid concentration.

The following limitations of this case study can be distinguished:

- Relatively limited amount of information available on evolution of Norwegian aid to Afghanistan, but more information than was available for Malawi. No country strategies available as these were not prepared for a long period of time and the country strategy prepared in 2019 is not yet formally approved and therefore not available to the evaluation team. There is a 2012 country evaluation of Norwegian aid to Afghanistan and a 2016 country evaluation review.
- Limited number of interviews with only Norwegian aid administration staff, which had limited time available for the interview, which meant that not all evaluation issues could be discussed in-depth.
- No interviews with Afghanistan government representatives or with other implementing partners, which means that the case study is only based on the Norwegian perspective. In the inception phase of the evaluation it was agreed that a limited number of remote interviews would not allow to collect meaningful information on such a complex issue as Norwegian aid concentration. Purposeful sampling would be very problematic as various Ministries deal with Norwegian aid and the composition of Norwegian aid may not be very well known.
- Analysis of effects of aid concentration is purely based on interviews, which means that it is based on perceptions of interviewees. Findings from interviews were validated and triangulated to the extent possible, but no evidence could be found on changes in time spent of aid administration staff.

This Annex first presents findings on geographical concentration, i.e. how the country features as a geographic priority in financing decisions, followed by findings on thematic concentration and partner and agreement reduction. The findings on each type of concentration are complemented with an explanation as to how this links to aid policy concentration efforts. The case study then concludes with findings on the effects of aid concentration on aid management practices.

A6.1 Geographical concentration

¹⁷ The terminology used for the partner countries changed over time, see Annex 9 for details.

Before 2001 Norway provided mainly humanitarian support to Afghanistan. This changed in 2001, when Norway engaged militarily through the US-led Operation Enduring Freedom (OEF) and NATO-led International Security Assistance Force (ISAF) following the ousting of the Taliban by the US. Afghanistan became a priority country for development assistance in 2002. In 2004 and the following years, Afghanistan even became the largest recipient of Norwegian aid¹⁸. Norway followed a comprehensive approach, aiming for good coordination of efforts in the three dimensions of development, political process and security. By 2013 most Norwegian troops were withdrawn.

Afghanistan has remained a priority country. In the 2016 White Paper *Setting the course for Norwegian foreign and security policy* and the 2016 White Paper *Joint responsibility for the joint future*, Afghanistan is explicitly mentioned. This White Paper describes Afghanistan as a continued risk for security in Europe's neighbourhood because it is "still a safe haven for violent extremists and a source of instability, both within and outside the region"¹⁹. Also Norad annual reports refer frequently to the importance of Afghanistan as a priority country. Norway also has a self-image as a peace-nation with no colonial history and no strong agendas²⁰. Norway still has a Special Envoy on peace and reconciliation in Afghanistan, which is part of the MFA Afghanistan desk.

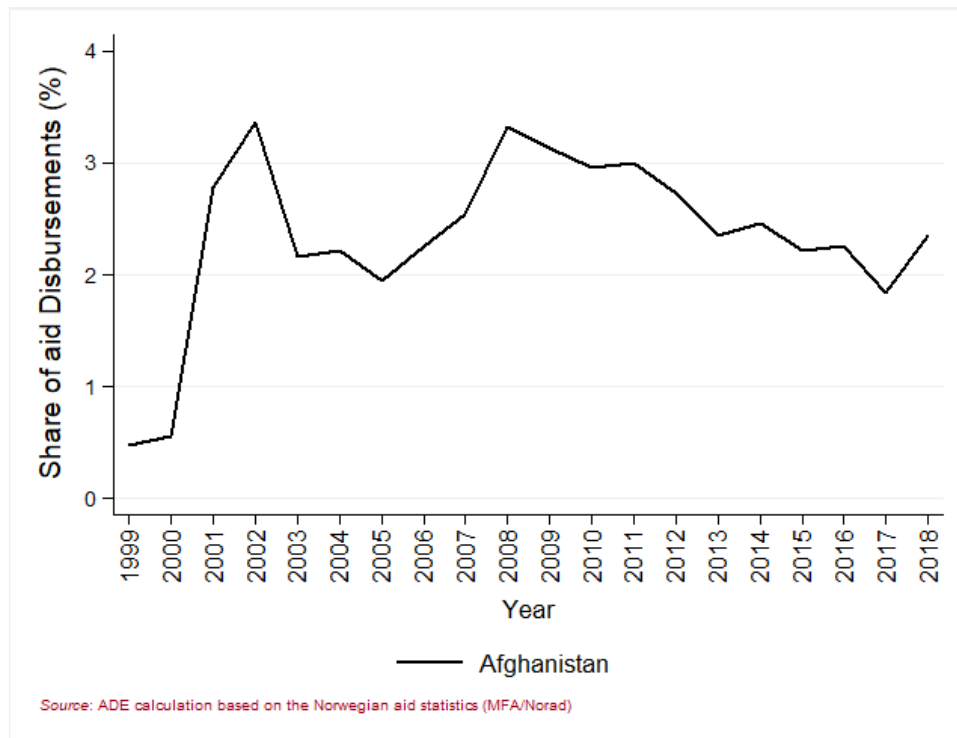
The annual pledge to Afghanistan has been on a fairly consistent level of NOK 750 million, before dropping to a steady NOK 700 million per year from 2015. The pledge is a political commitment and consists of development assistance through long term programmes (and often multiyear agreements) combined with yearly allocated humanitarian assistance. While humanitarian assistance is allocated according to yearly needs, the combination of development grants and humanitarian funds have been in a flexible way to plan for, and fulfil, Norway's annual pledge. The exception was in 2017 when the total amount fell NOK 90 million short of the pledge due to the refugee crisis in Europe. This shortfall was made up for the following year when the total amount was approximately NOK 790 million. The annual pledges and the importance of Afghanistan as a priority country are also reflected in annual letters of allocation to Norad.

Figure A6.1 presents the evolution of disbursements in Afghanistan as a share of overall Norwegian aid. After a sharp increase of the share to above 3% in 2002, it declined, then reached a new peak in 2008 after which a gradual decline set in that was reversed in 2017. An explanation for this limited evolution, despite the fact that Afghanistan is an important priority country, is the rapidly decreasing share of Norwegian aid subject to geographical concentration from 48% in 2000 to only 15% in 2018 (see Chapter 3).

18 Norad Evaluation Department (2012), Evaluation of Norwegian Development Cooperation with Afghanistan 2001-2011, p22

19 MFA (2016) Meld. St. 36 (2016–2017) Report to the Storting (white paper). Setting the course for Norwegian foreign and security policy, p.16

20 Ibid, p. xviii

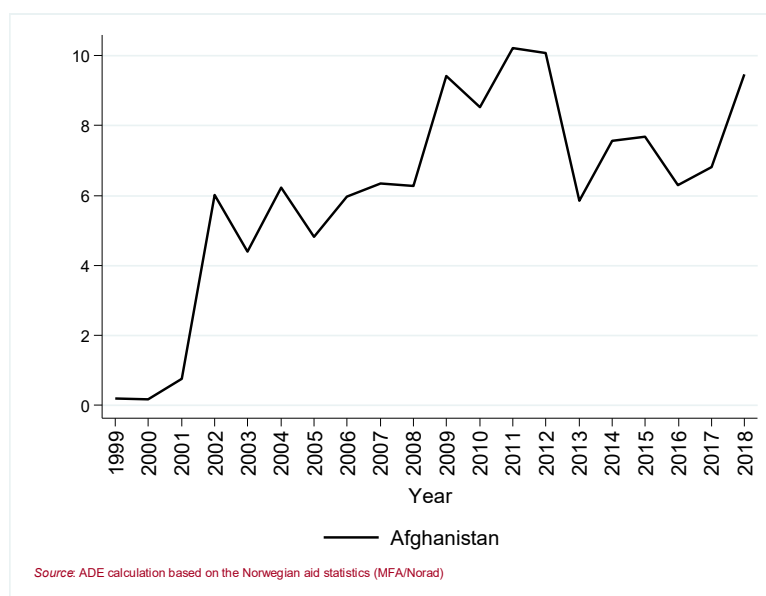
Figure A6. 1 – Share (%) of disbursements in Afghanistan of total Norwegian aid, 1999-2018

Since Afghanistan became a priority country in 2002 the share of Norway's disbursements as part of overall disbursements subject to geographical allocation showed an increase from 6% in 2002 to more than 10% in 2011-2012, after which it started declining again (see Figure A6.2). This evolution shows that Afghanistan has been given priority status as a partner country. This is confirmed by the fact that between 1999 and 2018 Afghanistan was eighteen times amongst the top sixteen largest recipients of Norwegian cooperation financing²¹. The 2016 *Country Evaluation*²² brief notes that Norway was the tenth largest donor to Afghanistan. In ten out of twenty years Norway ranked as among the ten largest providers of Official Development Assistance to Afghanistan.

21 The same applied to Uganda. It only features fewer times than Palestine and Tanzania (20 times each).

22 2016 Country Evaluation Brief: Afghanistan https://norad.no/contentassets/d0f097b6ecc34cc888dae33e94ff741c/7.16-ceb_afghanistan.pdf

Figure A6. 2 – Disbursements to Afghanistan as share of overall disbursements subject to geographical concentration, 1999-2018



Apart from the annual budget proposals there have been limited tools to operationalise geographical concentration *via* priority countries. The 2001-2011 Afghanistan evaluation mentioned the introduction of three-year rolling strategic plans for long-term development by the Embassy, but apparently these plans were later abandoned. Norway did not prepare any country strategies for a long period of time. In 2019, country strategies for priority countries were developed, including for Afghanistan. The country strategies have not yet been formally approved and, therefore, they were not available to the evaluation team.

A6.2 Thematic concentration

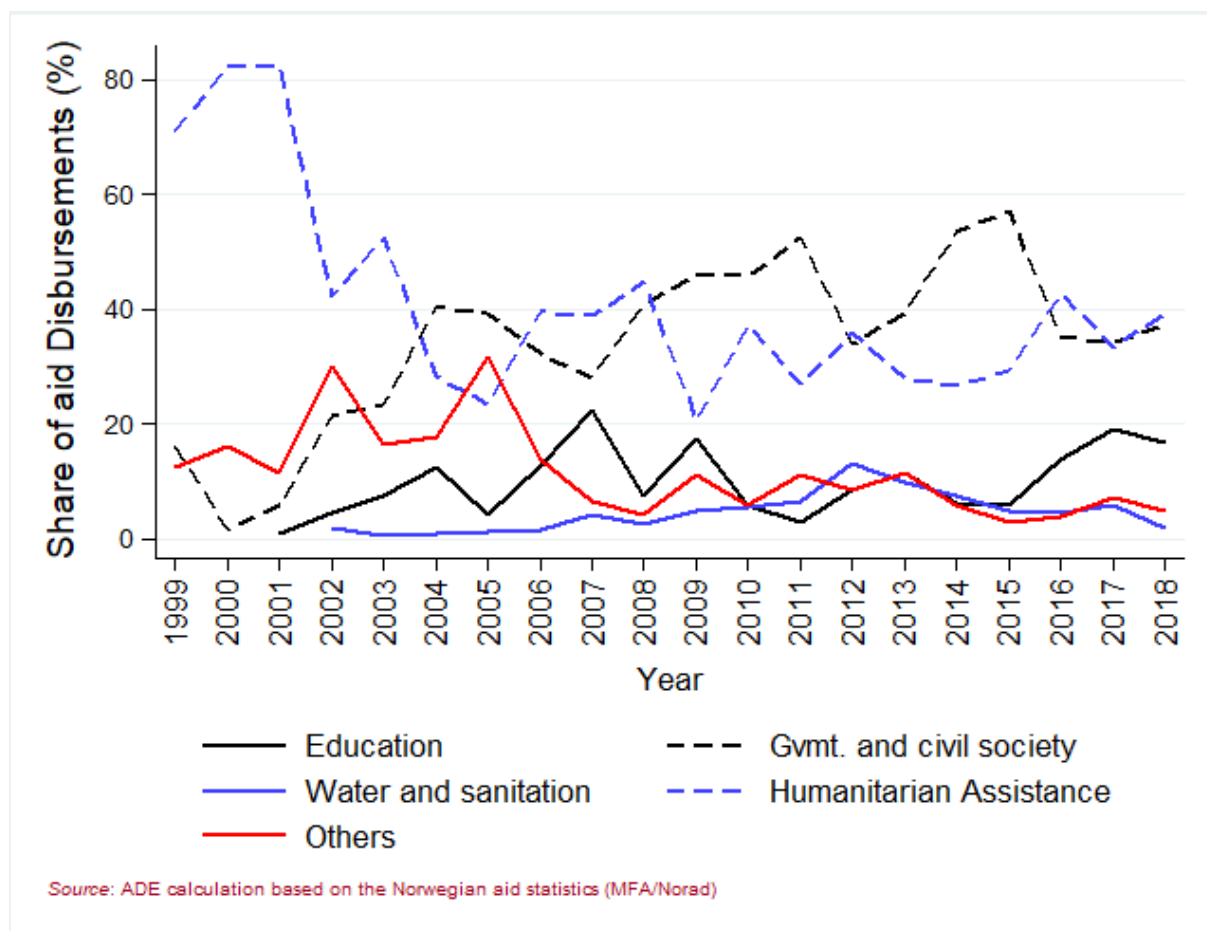
The measurement of thematic concentration for Afghanistan is a challenge mainly because “the multi-donor Afghanistan Reconstruction Trust Fund (ARTF) is the main channel used by Norway to support the priorities set by the Afghan government.”²³ Programming to the fund is listed on the Norad website as covering education, agriculture, rural development, social development, infrastructure and governance. There are more than 20 programmes supported under the fund on various sectors and thematic priorities. Norway’s funding to ARTF is typically classified as ‘multi-sector aid’, which means that it is not subject to thematic concentration. ARTF funding represented 30-40% of all disbursements to Afghanistan from 2002 to 2018. Total disbursements to Afghanistan classified as multisector have accounted for 46% of disbursements since 2003 and 41% since 2013.

Figure A6.3 shows the evolution of the share of aid subject to thematic concentration by DAC sectors. It shows that since 2013 the vast majority of these disbursements to Afghanistan were either for humanitarian or government and civil society, with a gradually increasing share for humanitarian assistance and a declining share for government and civil society. Both sectors stood at 40% in 2018. The government and civil society sector includes the Norwegian contributions to another important trust fund: the UNDP-led Law and Order Trust Fund for Afghanistan (LOTFA). The disbursements to education increased from around 10% to just under 20% of all disbursements to Afghanistan in 2018.

Figure A6.3 does not reflect Norwegian efforts on peace and reconciliation, although this is an important priority. This priority focuses on facilitating dialogue and relationships between conflicting parties, which do not necessarily require major agreements. This implies that in conflict-affected countries not all thematic priorities are necessarily reflected in the volume of commitments or disbursements on a specific theme.

23 Norad Profile on Afghanistan: <https://norad.no/en/front/countries/asia-and-oceania/afghanistan/>

Figure A6. 3 – Share of aid disbursements subject to thematic concentration in Afghanistan by DAC sectors, 1999-2018



Of the largest ten agreements between 2010 and 2018, excluding ARTF, four are classified as rural development, three as humanitarian and conflict prevention. Of the remaining larger agreements (over NOK 15 million), one is for education and the other for water and sanitation. In 2018, at first glance there is greater concentration at the thematic level in that six of the ten largest agreements (over NOK 18 million) are for humanitarian activities, two are for rural development, one is for education and one for elections.

Yet another indicator of thematic concentration could be a comparison of the tables on aid by sector and by country in *Proposisjon til Stortinget* for budget years 2019 and 2013. In these budgeting documents, allocations of more than NOK 10 million²⁴ are spread across eleven sectors in the 2019 budget compared to only five sectors in the 2013 documents.

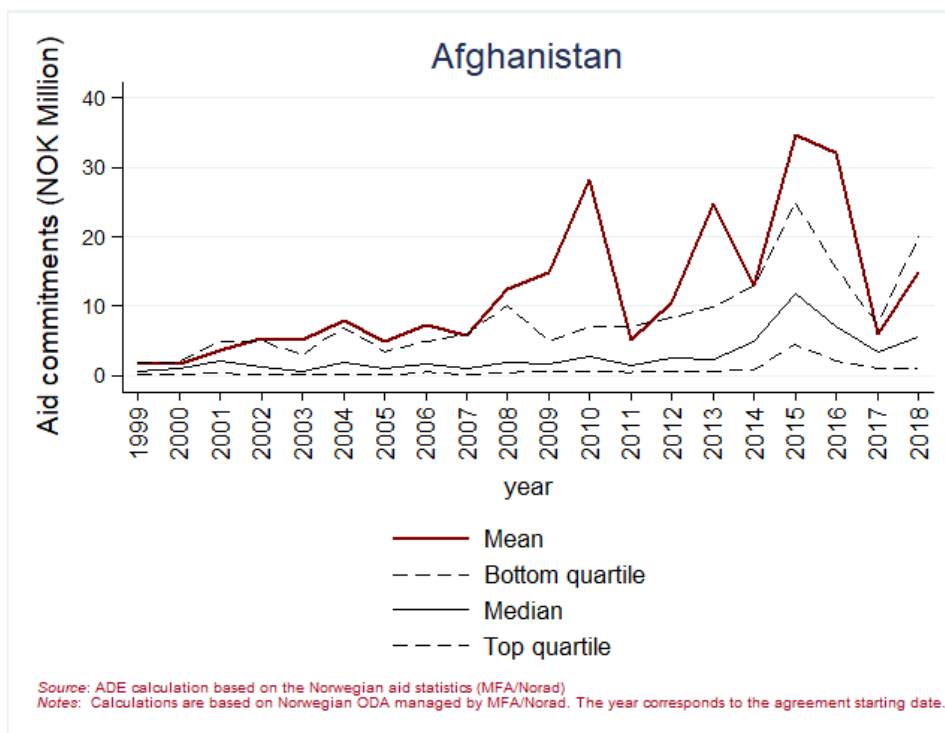
Given the limited amount of Norwegian aid subject to thematic concentration in Afghanistan, no clear conclusion can be drawn regarding the degree of thematic concentration.

A6.3 Partner and agreement reduction

²⁴ NOK 10 million is used as a cut-off point to allow for small projects that may be miscoded or financed for political reasons in non-priority sectors.

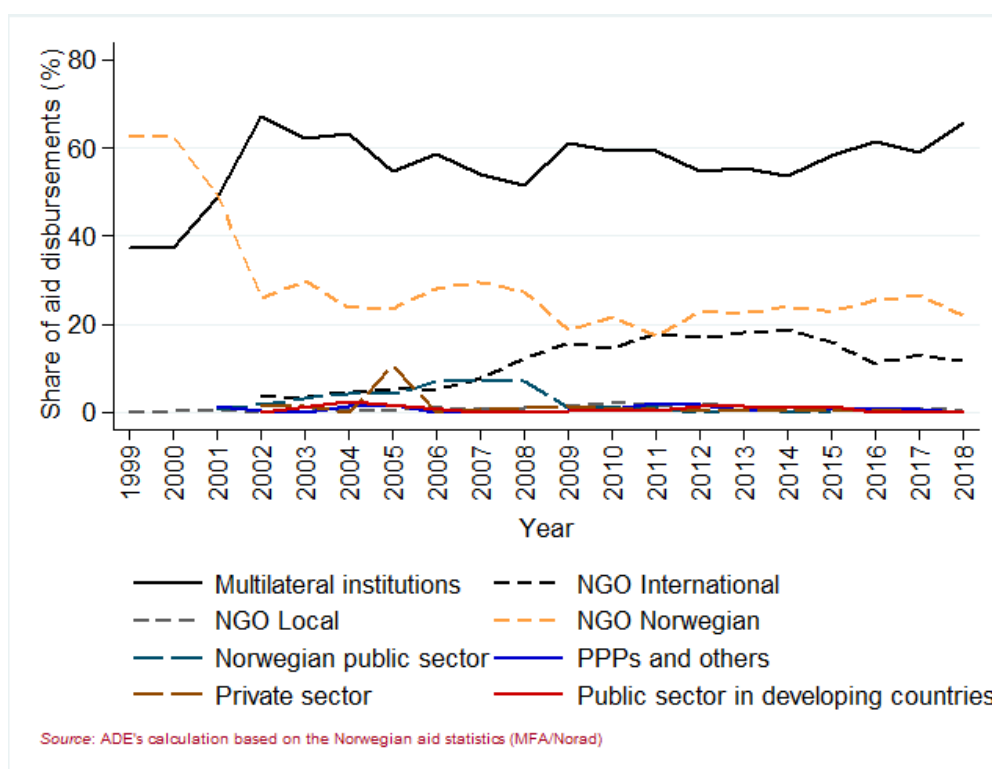
Figure A6.4 shows the average size of agreements in Afghanistan and presents information on quartiles. The average agreement size fluctuated substantially, which according to interviews may partly be accounted for by the unpredictability of financing emergencies and also by the policies of slowing the issue of agreements if and when challenges emerge relating to allegations of corruption or mismanagement. Twenty years ago the average agreement size was less than NOK 2 million but since 2013 the agreement size has grown more than tenfold to an average of NOK 20.9 million. This is also a marked increase from the six-year period 2007-2012 in which the average agreement size was NOK 12.9 million. The data thus shows a significant reduction of agreements from 93 in 2008 to an average of 30 agreements in the period 2013-2018.

Figure A6. 4 – Average size of commitments Afghanistan, , median, bottom and top quartiles of agreements, 1999-2018



The increase in agreement size is partly due to purposeful merging of multiple agreements with implementing partners into fewer agreements. According to the MFA this has been a main measure of the reduction in the total number of development grants. Norad has now multi-year framework contracts with CSOs rather than many individual agreements as was the case in the past. Similarly, the humanitarian assistance department in MFA is now working on multi-year framework contracts with Norwegian CSOs, which over time promises to further reduce proliferation of agreements.

Figure A6.5 captures the proportion of aid disbursed to Afghanistan by year and by type of implementing partner. The large share (around 60%) of multilateral organisations as implementing partners since 2002 is remarkable; it means that once Afghanistan became a priority country in 2002, agreements with multilaterals became the primary vehicle for channelling Norwegian aid to the country. This preceded the shift from bilateral aid to multilateral aid for overall Norwegian aid from 2008 onwards.

Figure A6. 5 – Share (%) of Disbursements to Afghanistan by Type of Implementing Partner, 1999-2018

Norway is the seventh largest financier of ARTF.²⁵ The funding of the multi-sector ARTF (over two-fifths of all disbursements and two-thirds of disbursements to multilaterals for the period 2013-2018) and law and order fund LOTFA (Norway is the eighth largest donor to this fund²⁶) explain to a large extent the dominance of the multilateral channel. In addition, an important part of humanitarian assistance is implemented by multilateral organisations. The share of Norwegian CSOs has remained relatively stable, just above 20%, since 2002. The Afghan public sector has never been important as an important implementing partner as the trust funds were being used.

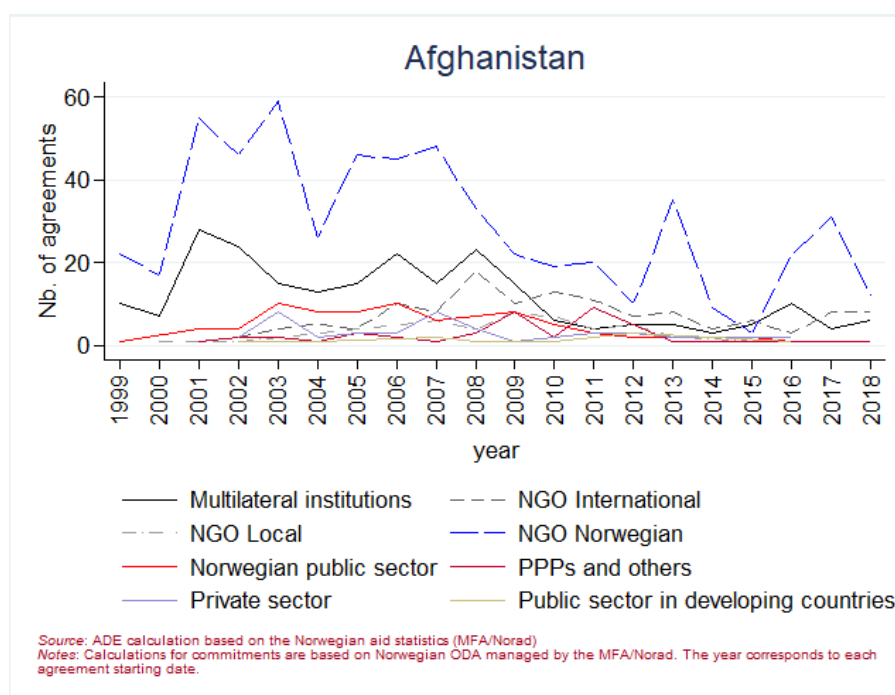
Norway has been a staunch supporter of the ARTF mechanism since its set-up. Already in 2010 Norway decided to discontinue with preferencing and entered into a three-year Framework Agreement to provide core support to the ARTF. This was an early sign of entering into more predictable funding.

When considering the ten largest agreements for different types of NGO there is no substantial increase in agreement size. For Norwegian NGOs the average agreement size in 2018 was NOK 11 million but back in 2010 the average was NOK 25 million. For international NGOs the average of the ten largest agreements in 2010 was NOK 30 million but by 2018 this had shrunk to NOK 28 million. Local NGO agreements averaged NOK 2 million in 2010 but they did not appear to be beneficiaries in 2018. This could still be due to aid concentration policy efforts as there has been a deliberate effort to have larger multi-year agreements rather than many individual agreements with different Embassies. This will also have affected NGO agreements in Afghanistan.

Figure A6.6 shows the number of agreements by type of partner. Most notably it provides evidence of a steady decrease in the number of agreements with Norwegian NGOs. Indeed it is in this type of implementation partnership that Norway appears to have most invested in changing the nature of contracting, demonstrably improving concentration through having fewer agreements with the same partners but for a greater overall contract amount.

25 Top donors to the ARTF <https://finances.worldbank.org/Trust-Funds-and-FIFs/ARTF-Total-Receipts-by-Key-Donors/4y48-4cy2>

26 Largest donors to the LOTFA <https://open.undp.org/projects/00089137>

Figure A6. 6 – Number of Agreements by Type of Implementing Partner, 1999-2018

Agreements were also analysed to determine whether there were perceivable changes in which organizations received funding from Norway. For the purpose of this exercise we focused on the largest agreements by type of organization (partner government; multilateral organization; Norwegian, International and Local NGOs). In Afghanistan multilaterals have benefited from the average agreement size²⁷, with an increase from NOK 9.2 million to NOK 13.6 million between 2010 and 2018. Based on the data it would appear that the primary beneficiaries of concentration in Afghanistan are multilateral institutions.

The number of agreements per partner has been reduced as the result of merging agreements with partners into multi-year (framework) agreements. This concentration at the agreement level is likely to increase or continue in the near future since there has been a change making it easier for humanitarian programming agreements to go beyond single year budget lines to three-year agreements with Norwegian civil society.

A6.4_Effects on the Aid Administration

Because of the contributions to the two main trusts funds, Norwegian aid to Afghanistan has since 2002 become more concentrated than overall Norwegian aid. Over time, the agreement size has further increased, in particular for multilateral organisations. This means that in terms of administrative workload there are fewer project files and fewer contract agreements for Norway's administrators to administer²⁸, even with an increase of overall aid to Afghanistan.

When discussing changed aid management practices with MFA officials as a result of agreement concentration, they argued that concentration of agreements had reduced the amount of time spent on administration of agreements. They explained that this had in turn incentivised them to pay more attention to risk management.

27 For the purpose of this exercise the largest agreement in 2010 was excluded – it was a NOK 900 million commitment to the World Bank as a framework agreement. The much larger size of the commitment implied a special commitment and thus not reflecting the norms of day to day aid management practices.

28 Norad Evaluation Department (2012), Evaluation of Norwegian Development Cooperation with Afghanistan 2001-2011, p.36

In 2010 the risks of aid to a conflict-affected country had already been outlined by the Office of the Auditor General (OAG) in several reports²⁹ according to the 2012 Norad evaluation of Afghanistan. The OAG found evidence that follow-up on identified risks is not always satisfactory. The reasons were not clear but pressure to disburse large amounts of funds was a contributory factor, given the staff limitations and the effects of the security situation on working conditions. Limited administrative capacity was mentioned as a main reason why policy operationalisation was weak. In later evaluations the same message was repeated such as in the 2016 review, which mentioned that there was a clear need for continued strategic and project related “development dialogue” on the ground with the Government of Afghanistan, other donors, trust funds, NGOs and civil society organisations. Furthermore, the review noted that M&E should not be left as only a responsibility of Norway’s implementing partners³⁰. The review indicates that, despite improvements, there was still too limited capacity for important dialogue with implementing partners. The unpredictable and constant changes articulates the needs for dialogue, risk management and results reporting.

For a long time the risks of substantial Norwegian funding for Afghanistan have been known and measures have been taken to improve efficiency and reduce risks. The reduction in the number of agreements and partners has contributed to this aim. According to interviewees this has made the aid administration staff even more aware of the complexity and risks of funding for Afghanistan, including the trust funds. Aid administration staff reflected that when there were considerably more agreements to manage, performance was primarily associated with reducing the risk of administrative mistakes. Increasingly, performance is now associated with the more difficult challenges of reporting results and understanding the institutional dynamics that facilitate impact in Afghanistan. Interviewees indicated that more time is now spent on dialogue with ARTF, LOTFA and other implementing actors. However, there is no evidence that, due to aid concentration and other measures, this has led to better insight into results.

29 From 2009 to 2011, the OAG did reviews of humanitarian assistance, the MFA budget process and the aid to Afghanistan, which all pointed at insufficient risk management, a limited results focus on limited capacity.

30 CMI (2016), Review of Norwegian development assistance to Afghanistan 2011–2014, p.9

Annex 7 – Case study Health

Norway has had as policy that it would concentrate its aid in five thematic areas, where **Health** has always been one of these. Health has therefore been selected as the thematic case, in large part because the boundaries regarding what is to be included within this thematic field has not changed much over time. Furthermore, the DAC sector classifiers provide a good and consistent fit when identifying the data to be included³¹. Because health has been an easily identifiable and consistent area of support, it has also been possible to carry out the somewhat longer historical trajectory of the evolution of this thematic field, which itself is useful in understanding the possible changes that occurred with the increased focus on aid concentration as of 2013.

The major policy paper regarding Norway's health development policies during this period is St. Mld. 11 (2011-2012), *Global helse i utenriks- og utviklingspolitikken* ("Global health in foreign and development policy")³². It defines the three key areas for Norwegian support to be women's and children's rights and health; preventative health care; and the promotion of human security through improved health. It states that health is a Norwegian development priority and that Norway's health interventions are linked to the achievement of the Millennium Development Goals (MDGs). The report notes the importance of global public goods in the health sector, the need for international collaboration to produce knowledge-based policies and interventions, and the need for strengthening global mechanisms and financing for efficient and effective action, pointing to Norway's strong engagement in these fields and the continued commitment to multi-partner avenues for Norwegian assistance.

A comprehensive review of Norway's health aid during the years 2000-2016 is provided in the 2017 Norad report, *På bedringens vei: En beretning om Norges globale helseinnsats fra tusenårsmaal til bærekraftsmaal* ("On the road to recovery: An account of Norway's global health efforts from MDGs to SDGs")³³. This has provided much of the historical information for this study.

The strength of this case is that the sector is well-defined and has consistently been one of the five priority areas throughout the period in question. While the outer boundaries of what is to be included in the health sector therefore are clear, there have been changes in the relative importance given to particular sub-fields. From the perspective of reviewing the sector focus as such, however, this is not an issue. On the other hand, there is no presumption that the findings about the health sector necessarily reflect the experiences from other sectors. Some of the other sectors have more difficult delineations especially when it comes to linking the sector understanding with the DAC sector classifiers, so in that sense the health sector is probably a "best case" choice.

The challenges that were faced include the following:

- As more and more of Norwegian health financing was moved to the multilateral system, the Norad aid database did not always fully capture this. Early contributions to GAVI, for example, were not classified under "Health". This, however, has not been a major challenge, as the team did both a search by main known recipients of Norwegian health financing, as well as using the DAC health sector classifiers, and this triangulation should have enabled the team to get a more complete picture of health sector funding.
- It is known that core contributions to multilateral agencies like the World Bank include funds that end up in the health sector. There is an internationally agreed set of imputed shares of core funding that can thus be attributed to various sectors, such as 5% of the World Bank IDA funds. These funds turn out not to be significant, so given time constraints for this exercise these imputed sums have not been included.
- The team has used commitment data as a way of identifying shifts in political priorities, so the commitment data are included. There have been comments to the effect that since a number of commitments are for multi-year programmes whereas the commitment data show the full budget allocation and not distributed over time, the commitment data may show some troughs and spikes that

31 While the definition of the sector is clear, not all Norwegian aid to sector is easy to identify in the aid database, where funding for health interventions over the humanitarian/ emergency chapter is generally not possible to separate out, for example.

32 See <https://www.regjeringen.no/no/dokumenter/meld-st-11-20112012/id671098/>, MFA, February 2012

33 See <https://norad.no/contentassets/053850805fdc4d15b53bac57e78787c3/pa-bedringens-vei.-en-beretning-om-norges-globale-helseinnsats-fra-tusenarsmaal-til-barekraftsmaal.pdf>, Norad, November 2017

indicate more discontinuities than the expenditure data. To see *ex post facto* how much was in fact allocated to a given field, the historical disbursement data from the Norad aid database therefore give a more correct year-by-year funding levels.

- The team has not spoken with recipients of the health sector financing. Team members have previously spoken with some of the major multilateral partners, and in particular the larger multi-partner funds, so some of this information has been also been relied on here. The team did not, however, have the ambition of trying to trace through the development effects of the increased use of multilateral channels in the health sector, so this shortcoming was accepted.
- Because senior staff managing the health sector in Norad have been in post for around ten years, the interviews, supplementing the information provided in the budget documents, have provided a consistent and long-term perspective on the dynamics of health sector financing.
- Regarding the effects on aid management efficiency and effectiveness, because of the continuity of Norad health sector staff, they have been able to provide a longer-term perspective on this. While this is clearly their subjective impressions, it should also be accepted that they are the ones best placed to assess this, and the team therefore believes that this information has high validity and reliability.

Norway's health sector strategy

The operationalisation of the policy and priorities outlined in the White Paper meant Norway's health sector support would provide financial resources, political mobilisation around core concerns internationally, and try to influence international actors and policies. This was done across seven fields of action (Norad 2017):

- **Mobilising, coordinating and making resources more efficient:** Norway's participation in and support of multi-partner mechanisms and channels is meant to ensure that resources reach partner countries and beneficiary groups in the most efficient manner possible.
- **Rights-based interventions:** Norway sees health as a basic human right, and of particular concern are women's sexual and reproductive health and rights (SRHR). This has taken on more urgency over the last years as a number of actors on the international scene, in particular some religious groups and countries with increasingly conservative views with regards to women's rights have been systematically trying to undermine international agreements in this area.
- **Prevention:** This is both in terms of providing preventive care, but also in the form of information, with attention to women's and children's rights and SRHR in particular.
- **Access to essential vaccines and medicines:** This is supporting global health funds, but where in addition Norway is supporting a more complete value chain approach, from research and production to efficient procurement and distribution.
- **Strengthening national health systems:** Focus has been on building national health care systems, upgrading of skills, strengthening health information systems and health financing systems.
- **Support to innovation:** The attention is both on technology and new ways of financing various dimensions of a health system, but also on new models for health care delivery that are more efficient and effective, pointing towards more sustainable systems and solutions.
- **Results focus:** Norway supports strengthening the measurement and documentation of results, including in fields like results-based health financing, but also through innovative evaluations and support to health management systems.

This is an ambitious agenda that Norway decided most easily is pursued by being actively engaged in multilateral processes and mechanisms. The decision to move an increasing share of Norwegian funding through multilateral partners has had strong political support all the way from the Prime Minister's office, and this consistent political support and attention from senior levels of Government is quite unique and has allowed for the consistency in

the health sector³⁴. The choice of increasingly relying on multilateral partners is also in line with Norway's long-standing support for the multilateral system – UN agencies and international financial institutions like the World Bank – but in the health sector has been further supplemented by an active contribution to and even initiator of new international bodies to coordinate and mobilise new political, technical and financial support. The result has been that Norway today is engaged in a long list of international health sector initiatives³⁵.

A7.1 Quantitative analysis

Norway's health sector support increased sharply from 9% in 1999 to 15% in 2002, after which it fluctuated around 15 % before it gradually increased to above 18% from 2013 onwards (see figure A7.1).

Figure A7.1 – Health sector support as share of total Norwegian aid disbursements, 1999-2018



Source: Norwegian aid statistics (Norad)

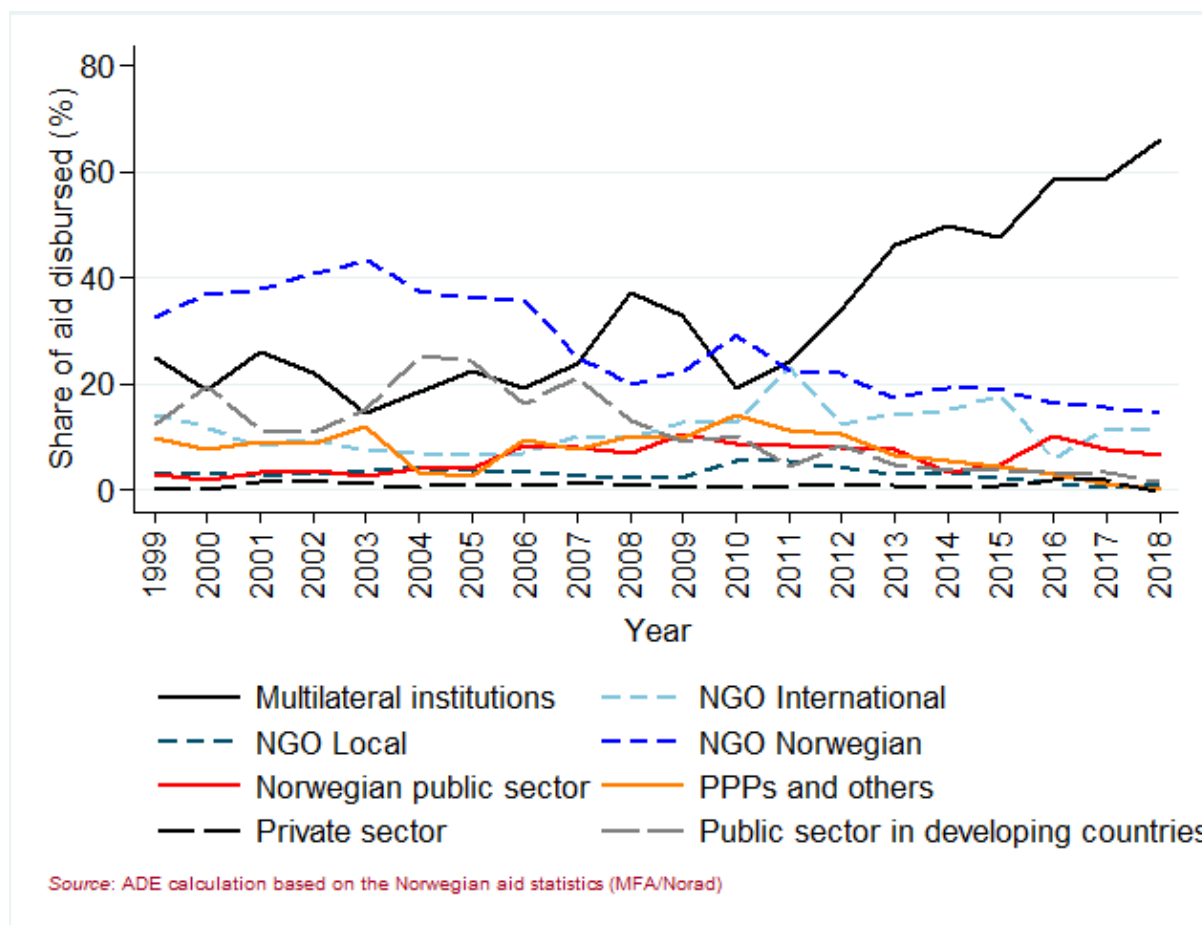
³⁴ It should be borne in mind that Norway's former Prime Minister, Gro Harlem Brundtland, became Director-General of the WHO, and one of her aides there, Jonas Gahr Støre, later became Minister of Foreign Affairs. The Labour party Prime Minister, Jens Stoltenberg, worked closely with both, and Erna Solberg, the current Prime Minister from the Conservative party, has continued this commitment in the health sector.

³⁵ The approach and the list of international initiatives where Norway engaged is provided in the 2017 study.

Historically Norway funded health projects within bilateral country programmes, including being party to some health sector Sector Wide Approaches (SWAPs). As Norway began reducing the number of sectors that it was engaged in at the embassy level, and with the subsequent reduction in technical staff that could monitor health sector developments, the bilateral component of health sector funding was reduced. Furthermore, Norway became heavily engaged with the preparations for both the MDGs in 2000 and the subsequent Sustainable Development Goals (SDGs). The MDGs, as an international compact, occasioned a reflection around how Norway could best contribute to their achievement, which in the health sector led to the strategic choice of supporting and strengthening multi-partner initiatives rather than continue with stand-alone projects within bilateral programmes. Norway therefore faced the challenge of how to manage this rapid increase in health sector financing. This, however, was largely solved by the simultaneous choice to rely increasingly on the multilateral system for implementing and managing the health sector support, as shown in Figure A7.2³⁶. This figure also shows the gradual declining share of the public sector in developing countries and a declining share of Norwegian CSOs.

36 The category "Bilateral" covers bilateral country programmes, such as Malawi, and funding through Norwegian and international NGOs, *not* including emergency operations. "Other multilaterals" includes support through UNDP, WFP, agencies like UNRWA, and regional development banks like the African Development Bank. IFFIm (International Finance Facility for Immunization) is given as a separate channel here, though it is administered by GAVI and is therefore often considered part of GAVI funding. The funding through the World Bank is a mix of 5% of core Bank financing that is assessed to go to the health sector plus direct support to multi-partner funds administered by the Bank, where the Global Financing Facility (GFF) as of 2015 is the more important one.

Figure A7.2 – Share of health disbursements according to different types of channels and implementing partners, 1999-2018

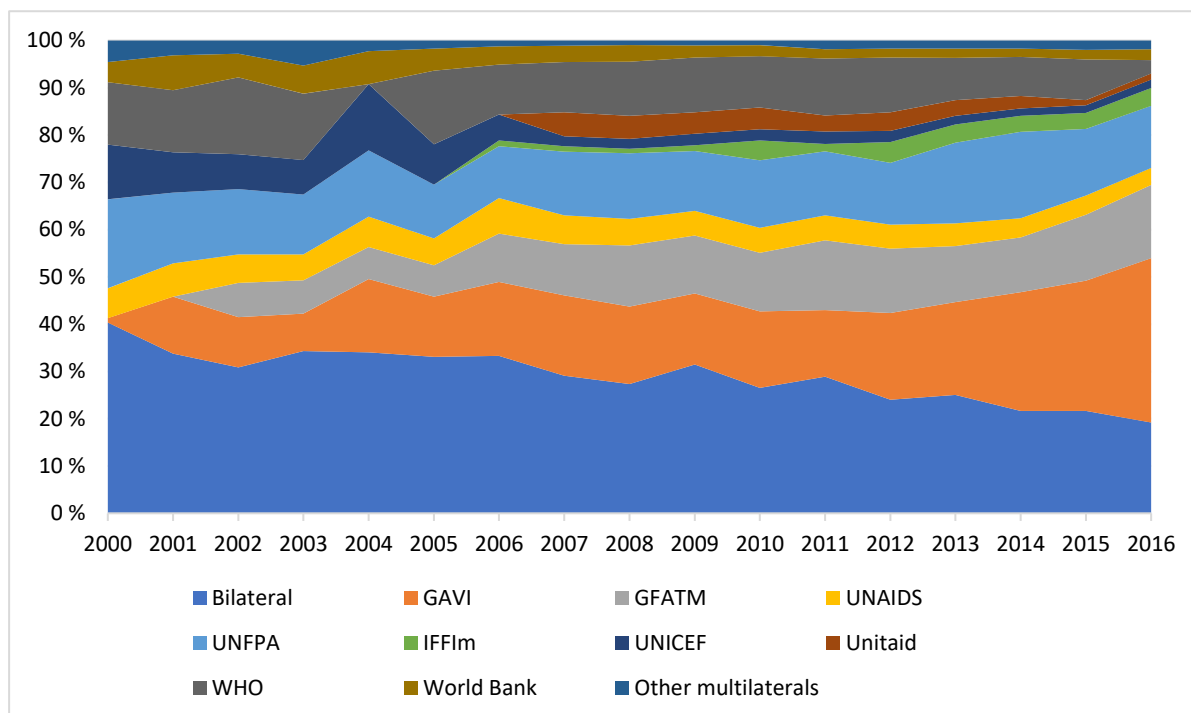


Bilateral financing – through CSOs and direct bilateral interventions – received about 40% of total health sector funding in 2000 and this had fallen to just under 20% at the end of the period. This finding should be interpreted with care. It is clear that bilateral health sector interventions became much less prominent, in particular as direct bilateral programmes and project (state-to-state) support were largely phased out, with the exception of a programme of multi-year support to strategic mother-child health care programmes in five countries which has now been reduced to only one country programme remaining, in Malawi³⁷. This is reflected in the declining share of the public sector in developing countries as implementing partners. While the share of health disbursements through CSOs also shows a decline, this may in practice not be the case. Figure A7.2 shows direct agreements with CSOs on health, which have probably declined in number because of the move to larger multi-year, multi-sector framework contracts (see Annex 6).

Figure A7.3 shows more detail on the various multilateral partners that benefitted from the overall increase in support to the health sector and the shift toward the multilateral channel.

³⁷ The programmes in India has also continued but in new phases and at relatively limited size.

Figure A7.3 – Share of health sector disbursements according to major channels and multilateral implementing partners, 2000-2016



Source: Norwegian aid statistics (Norad)

The figure reflects several changes regarding the multilateral organisations receiving health sector support:

- The support to key UN agencies and programmes has continued. UNFPA has in fact seen significant increases in its funding while WHO and UNAIDS have also received some increases while UNICEF funding in this field initially remained fairly flat and has subsequently declined.
- The real change, however, has been the large increases to multi-partner funds, and in particular the support given to two major health funds, GAVI (Global Alliance for Vaccines and Immunisation, “The Vaccine Alliance”) and GFATM (Global Fund to fight Aids, Tuberculosis and Malaria, “the Global Fund”). More recent multi-partner initiatives, like the Global Financing Facility (GFF) administered by the World Bank, and the very recent Coalition for Epidemic Preparedness Innovations (CEPI), headquartered in Norway, are also beginning to receive significant financial support.

Figure A7.4 shows changes in funding to various DAC sub-sectors of health. It shows an increase from 2007 onwards of disbursements to basic and reproductive health care and a gradual decline of support to HIV/AIDS. This is in line with the changes in funding to various multilateral institutions.

Figure A7.4 – Share of health sector disbursements to DAC health sub-sectors, 1999-2018

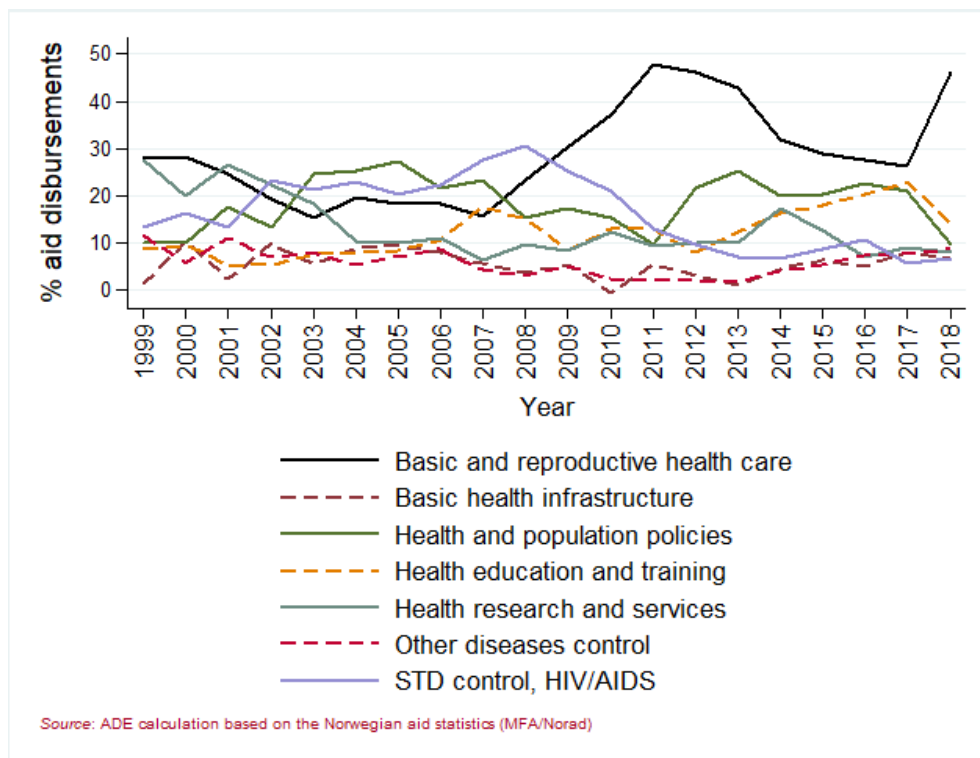
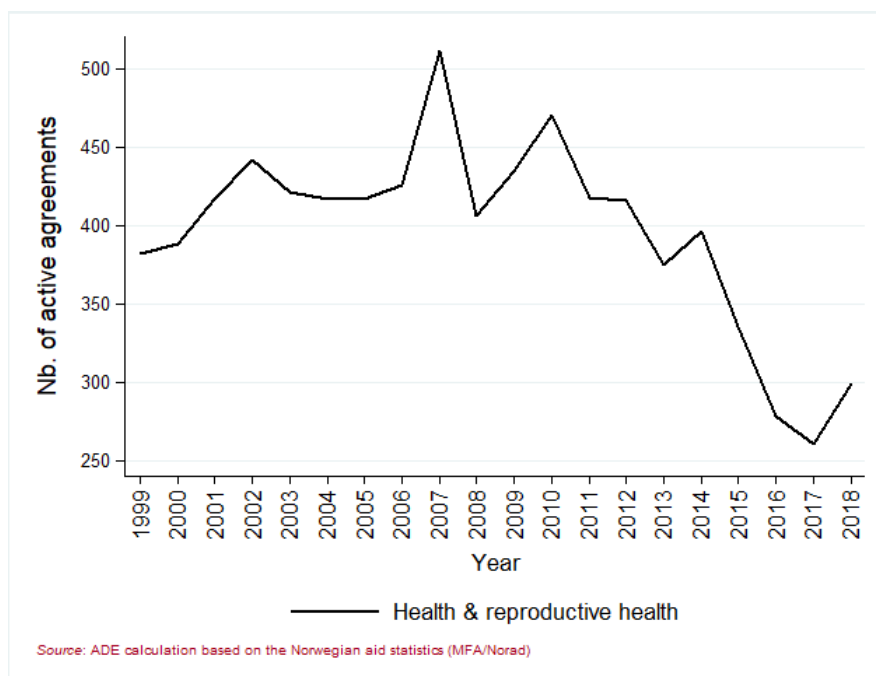


Figure A7.5 shows the decrease in number of health agreements from a peak of more than 500 in 2007 to less than 300 in 2017. This is in line with partner concentration shown above.

Figure A7.5 – Evolution of the number of health agreements, 1999-2018



A7.2 Aid concentration efforts

Geographic aid concentration efforts

Norway decreased its funding for direct bilateral health interventions long before the Sundvolden Declaration, as noted above. The one exception to this policy was in connection with stepping up mother-child health care support. In the period 2008-2009, Norway entered into multi-year funding programmes in India, Malawi, Nigeria, Pakistan and Tanzania³⁸. These programmes were supported because of their more strategic orientation, where new approaches and collaborations in the research field were important features rather than just operational service-delivery. The programme in Pakistan was eventually shut down due to lack of results. In Nigeria and Tanzania, where results in various fields were seen as quite positive, the programmes came to an orderly and planned exit. In India the programme had focused on supporting innovative approaches which were subsequently taken on-board by India's larger health interventions, and this programme has been continued in a new but fairly limited phase. Only in Malawi has a more substantive support continued (see Annex 5). Apart from the bilateral health portfolio in Malawi, there are no other geographic concentration efforts.

The support to Norwegian CSOs' health interventions continues. Since CSOs are not subject to the geographic concentration principle, there has been no particular effort to concentrate CSOs' health projects geographically (see Annex 6). To the extent there has been a concentration of CSO health projects, this has been as a corollary to the general geographic concentration discussions surrounding the framework agreements.

The shift from bilateral programmes to multilateral financing means of course that formally the geographic coverage has exploded: UNFPA and WHO are engaged globally, in 2019 58 countries were eligible for GAVI support and not all of these were on Norway's 85-country eligible list, and so on. Norway has of course never tried to limit the geographic reach of these multilateral bodies. Through this support Norway is able to finance services to intended beneficiary groups of Norway's development policies that it otherwise would not be able to through its own bilateral interventions.

The geographic reach of Norway's health sector has therefore on the one hand expanded dramatically due to the funding of global bodies. On the other hand, the bilateral portfolio has now shrunk to one single country programme in Malawi in addition to the CSO projects.

Partner and agreement concentration efforts

As shown in Section A7.1 there has been a significant change to the partner composition and a reduction in agreements. This can be related to the strategic shift towards global health initiatives and financing mechanisms, as detailed above. There has been a clear expansion of the role of the multilateral system for health support. Norway is funding a larger number of health sector funds and is involved in more health sector bodies than ten years ago³⁹. The increasing use of multi-year agreements rather than annual individual agreements obviously reduces the number of agreements. But what can also be seen is that there has been a concentration of resources to a few partners, where three organisations – GAVI, the Global Fund, and UNFPA – have received over 60% of total sector funding.

What makes the picture a little unclear is the dynamic on the multilateral side. Norway funds a large number of trust funds through the multilateral system, as noted previously, but the number of stand-alone funds has also increased considerably. While there are always signed agreements where funding is concerned, when Norway engages in initiatives like the Partnership for Maternal, New-born and Child Health, there may or may not be funding involved. This means that there is not necessarily a registration in the aid database, yet the engagements in these partner schemes take a lot of health sector staff time. In terms of efficiency and effectiveness this is an important dimension that will be returned to below.

Thematic aid concentration efforts

38 Already in Norad's Annual Report for 2009, where it provides an overview of Norway's interventions in 32 countries, health is listed as a sector in only these five countries, whereas education is a priority sector in 10 countries, gender and women's rights in 15. See <https://norad.no/om-bistand/publikasjon/2010/arsrapport-om-norsk-bilateral-bistand-2009/>

39 This concerns new financing mechanisms like IFFIm with GAVI, GFF with the World Bank, stand-alone initiatives like CEPI and Drugs for Neglected Diseases Initiative (DNDI); but also a host of new coordinating bodies such as Partnership for Maternal, New-born and Child Health (PMNCH), the Alliance for Health Policy and Systems Research (AHPSR), Global Health and Vaccination Research (GLOBVAC), the Oslo-based Health Information Systems Program (HISP) and others.

The health sector is, along with education, the most easily identifiable of Norway's priority sectors, both in terms of consistency of what constitutes the sector over time, and which DAC sector classifiers to use to identify health sector expenditures. There have been changes in how the sector is viewed in the context of the development debate, while this is also reflected in Figure A7.4 on health sub-sectors.

The 2011 White Paper took a broad and "whole of sector" approach where even human security was seen as linked to improved health sector performance. This has led to thinking *across* the entire sector, to consider sector rather than project or programme management; sector financial management challenges, technology, and product and delivery systems through a value-chain to the ultimate beneficiary.

This approach has been possible in large part due to unusual political engagement that the sector has engendered. Norwegian Prime Ministers Jens Stoltenberg and subsequently Erna Solberg have both been heavily involved in UN-established global commissions and panels that have addressed global issues in the health sector such as political support, additional funding, new approaches. Norway has been important in building alliances with new partners in the sector, such as private foundations, private industry, stronger links with research and larger non-state actors and NGOs. This includes Norway actively joining and supporting bodies that have more overarching coordination roles, such as the Partnership for Maternal, New-born and Child Health that was established in 2005. This range of high-level activities has been supported by senior health advisers in the MFA who have ensured continuity in focus and understanding under changing governments and ministers in the MFA.

A7.3 Effects of aid concentration

Effects on the Norwegian aid administration

The long-term and large-scale shift of financing and policy attentions towards the multilateral system has, according to staff in the sector and the 2017 Norad health report, enabled the MFA and Norad to extend their engagement in the sector across an expanded range of issues: sector financing, results reporting, delivery chain analyses, innovation etc. Due to the changes health staff is now able to address these strategic issues in a more systematic way rather than having to spend time managing country-based interventions that were smaller in size and where the strategic role of the Norwegian-funded projects within the larger national efforts were always more difficult to ascertain.

This has led to what appears to be an increase in Norway's relative influence on some international health matters, as experienced by the health sector staff in Norad, which is also due to the political engagement in the international health debate as indicated above.

The health sector can now provide better reporting to the public and Parliament, on some specific issues such as vaccination figures by GAVI, the number of persons and households reached by the Global Fund etc are noted as results towards which Norway has contributed.⁴⁰ It should, however, be noted that there are large differences among the various multilateral organisations and the reporting of results. It can also be assessed to what extent Norway has contributed to better reporting by the global funds

It should be noted that the changes in the health sector have basically come about due to the strategic realignment beginning around 2000. Aid concentration per se has therefore been supported by this change rather than itself contributing much to it. The thinking behind aid concentration was none the less an important element in the change, since it was clear to the sector that Norway needed to shed as many of the relatively management-intensive stand-alone projects and programmes as possible if it was going to be able to play any role when engaging in the larger funds and health sector bodies.

The shift in Norway's health sector approach indicates that it gradually moved from an *efficiency* perspective to more of an *effectiveness* focus. In interviews, Norad staff claimed that this move towards the multilateral system and larger funds has given Norway access to information, actors and decision-making arenas that the previous project portfolio never could. This has given Norway voice and ability to promote own health sector concerns, such as children's and women's health rights including the SRHR agenda, on a more global scale, a point of view supported by some of the multilateral actors themselves⁴¹.

At the same time, Norad staff note that the time demands for actively engaging with multilateral bodies are heavy. Even when there is limited funding involved, staff see that they must devote a lot of time to following various board policy papers, decisions and requests. Some of the issues can be at a fairly operational level, but overall Norad and MFA staff get involved in some of the larger international health dialogue issues that are being addressed by these global health funds. This is giving Norway a totally different voice in global health issues than a purely bilateral strategy would have led to.

Effects on implementing partners

40 This is not discussing the quality and veracity of the reporting, as questions have been raised about this. What is notable in the case of the larger funds, however, is that they are systematically investing in the various quality assurance and reporting systems, in part because they have sufficient resources to be able to invest in this, something the stand-alone projects also had problems addressing.

41 Interviews with Norad staff in Oslo and with trust fund managers in the World Bank, UNDP, GAVI, the Global Fund and the Global Partnership for Education (GPE) in connection with the U4 study cited previously.

With regards to the larger international bodies where it is now engaged, Norway has established a reputation as a dependable and engaged partner.⁴² This provides continuity and certainty for their financial planning and implementation, where Norway is a consistent partner focused on a set of known overarching concerns – rights-based approach to health matters, mother-child health care, SRHR – while now also having the larger sector-wide agenda that it wishes to promote and support.

The rising number of global health sector funds and bodies is beginning to ring some alarm bells, however. As seen from several partner governments, the increase in number of independent funds and global coordination mechanisms can be worrying.⁴³ Most of these funds and mechanisms have their own governing bodies, policies and priorities and thus provide a challenge to governments trying to pursue their SDG strategies. One thing is that poor countries' voice on the boards of these mechanisms is claimed to be weakening because there are a host of new actors that are now also at the table: international NGOs, private business, private foundations, new donor countries. These actors have capacities that may go beyond those of developing countries. Yet these developing countries that are supposed to be the main beneficiaries of these funds and coordination mechanisms are dependent on their ability to access them. This poses a dilemma for Norway, since as a donor Norway can choose which bodies and funds it wants to join. Poor countries do not have this choice. By moving away from direct engagement with a few countries to indirect engagement via a number of different global bodies, Norway may be contributing to a new form of aid fragmentation that might be difficult for poorer countries to manage. The counter-argument is of course that partner countries no longer have to deal with a fragmented set of donor states each with its own sets of rules, indicators and procedures – but either way it is largely the partners in the South that get saddled with the transaction costs of changes to the way the donors in the health sector operate.

42 See the previous footnote. These interviews took place during 2018, in person and by phone.

43 This has been raised in discussions and articles on aid management in Norway, by government representatives in six African countries in connection with an evaluation of the EU's *Joint Programming* approach, among other.

Annex 8 – Case study Norwegian Church Aid

Civil society plays an important role in Norway. 77% of the population is a member of at least one CSO, 47% in two or more (2017). Voluntary work was in 2019 estimated to represent the equivalent of 142,000 work years and NOK 76 billion⁴⁴. This size and engagement is reflected in the development sector, where Norway channels a relatively high share of its development assistance through Norwegian CSOs, for two kinds of interventions: humanitarian aid and emergency assistance in connection with natural disasters and conflict, and for long-term development interventions.

Several hundred local and national organisations have over the years engaged in various forms of development assistance. While much of this has been humanitarian aid, church-based organisations began development assistance more than 150 years ago. When Norway established its development programme nearly 70 years ago, Norwegian CSOs early on became involved. As the aid budget expanded, an increasing number of CSOs applied for funds.

With growing attention to results, Norad's Civil Society department (SIVSA) required better programming, implementation and reporting, including better budgeting, accounting, audit and fiduciary risk management. In 2015, SIVSA introduced the Resource Allocation Model (RAM) for assessing CSOs' capacities for managing development funds. This has led to a shift in the profile of the CSOs that have been successful in applying for funds, as a number of smaller CSOs either joined umbrella organisations and applied through them, or no longer received funding.

Today there are five big CSOs, most of them also members of large international networks; three national umbrella organisations (one for 20 church-based CSOs; one for 12 interest organisations for the disabled; and the *Forum for Women and Development* that has over 50 member organisations); and a large number of medium-size CSOs that have a strong local support base and/or a particular skills-set that is appreciated such as disaster medical skills, micro-finance for local development, etc.

It is important to look at the CSO channel for Norwegian aid, as this is likely the group of implementing partners that has been most directly affected by the aid concentration efforts. From the universe of CSOs, it was therefore decided to look more carefully at Norwegian Church Aid (NCA). It is one of the five big CSOs, it works both in the humanitarian and development fields, and it has a long history of receiving funding from MFA, Norad and the embassies. The evaluation in addition spoke with the four other big CSOs and the three umbrella organisations, to validate the findings from the analysis of NCA.

The strength of this case is that NCA is a big organisation with a long history of engagement in both humanitarian aid and development assistance across the globe. It is one of the largest CSOs and thus an important partner for the MFA and Norad. It has been involved in the discussions that have taken place over the years regarding aid concentration and therefore is familiar with the issues and has itself had to adjust to the changing requirements. While there is no presumption that the findings from the NCA case are necessarily representative for the CSO community, the comments received from other CSOs to this Annex confirmed agreement with key findings and conclusions.

The main challenge with this case is that the team has not had a chance to talk with NCA's partners on the ground or even the embassies that have provided funding to NCA. When it comes to assessing the actual results of Norwegian aid concentration efforts through the CSO channel, we have therefore only been able to register first-order results on NCA itself, and not on its partners in the field, whether on the funding side – embassies and other funding partners – or its actual implementation partners, the local CSOs and other actors.

A8.1 Quantitative analysis

44 <https://www.frivillighetnorge.no/fakta/n%C3%B8kkelfakta-om-frivillighet>

Norwegian Church Aid (NCA) in 2018 had a total aid budget of nearly NOK 1 billion, where funding over the last several years has come from several different sources (approximate shares):

- Own funding: 15%
- Norad framework agreement: 20%
- MFA projects and agreements: 20%
- Embassy agreements: 15%
- Non-Norwegian sources (ECHO, UN, DFID): 20%

Agreement concentration

Norwegian development assistance during these last years has thus on average provided about 55% of total funding. The *composition* of this support has evolved considerably over the last years, however, as shown in Table A6.1 below. Three different categories of Norwegian ODA are shown:

- *CSO framework funding*: This is multi-year agreements NCA has with Norad's Civil Society department since 1995 that funds development interventions.
- *MFA projects and agreements*: The departments for humanitarian aid and for peace and reconciliation funded country-based humanitarian interventions, but as of 2013 also signed multi-year framework agreements, in particular for health and water interventions.
- *Embassy agreements*: Embassies have contracted NCA to implement both development and humanitarian interventions.

The table differentiates framework agreements and country-based funding – i.e., individual project agreements. This means that all humanitarian aid provided by the MFA before 2013 is shown as country-based projects since these agreements were on a country-by-country basis. This category thus also includes embassy-contracts, whether for development or humanitarian projects. The third column shows the evolution of country-specific agreements: while NCA had separate agreements in 29 countries at the beginning of the period, this had fallen to only 8 countries in 2018.

What is even more notable is that while country-specific agreements made up nearly two-thirds of total Norwegian funding in 2009, this has dropped to just over 7% in 2018. During that same time, the development aid framework had grown from 36% of total aid to over 63%, while the humanitarian aid framework provided on average over 30% of all the aid over the last three years in question.

Table A8. 1 – NCA funding, Norwegian ODA 2009-2018, by modality and shares

Year	Modality	Number of country projects	Total number of projects	Annual disbursements			
				Share by modality	Total, NOK ¹	Ave/project, NOK	Ave/project, 2009 NOK ²
2009	CSO frame Country	29	312 79	36.0% 64.0%	452,870,394	1,158,236	1,158,236
2010	CSO frame Country	25	371 94	47.3% 52.7%	469,172,751	1,008,974	989,190
2011	CSO frame Country	25	348 96	55.0% 45.0%	408,368,109	919,748	886,077
2012	CSO frame Country	24	317 61	52.2% 47.8%	407,374,059	1,077,709	1,032,288
2013	CSO frame HUM frame Country	19	356 4 58	61.2% 11.0% 27.8%	440,618,271	1,054,111	987,920
2014	CSO frame HUM frame		345 8	55.6% 19.7%	605,917,052	1,526,239	1,401,505

	Country	19	44	24.7%			
2015	CSO frame		362	55.7%	524,122,779	1,313,591	1,181,287
	HUM frame		8	24.8%			
	Country	12	29	19.5%			
2016	CSO frame		266	53.6%	585,411,064	1,829,410	1,588,030
	HUM frame		20	34.4%			
	Country	13	34	12.0%			
2017	CSO frame		280	56.4%	587,442,261	1,876,812	1,598,647
	HUM frame		17	34.7%			
	Country	7	16	8.9%			
2018	CSO frame		266	63.3%	545,465.57	1,788,412	1,482,929
	HUM frame		25	29.5%			
	Country	8	14	7.2%			
5,026,762,312					1,312,471	1,230,611	

Source: Norwegian aid statistics (Norad)

1: Total net disbursements on active projects including reimbursements on terminating agreements.

2: Adjusted using the consumer price index.

The framework agreements for development activities have changed during this period. While they are multi-year agreements with an overall budget across the period, NCA reports on the individual projects that it undertakes, and the number of these are shown in the fourth column. In 2009, the framework agreement financed 312 different projects, a number that grew in the following years to reach 362 in 2015. With the new agreement as of 2016, this number suddenly dropped by nearly 100 projects. During the same period, in 2009 the activities in the 29 countries were funded over 79 different project agreements, while in 2018 this had dropped to 14 agreements in only 8 countries⁴⁵.

Aggregate funding levels have trended upwards, being 20-30% higher in the latter years as compared to the first period. Coupled with the reduction in number of projects under the development framework agreement, average project disbursement has grown from on average NOK 1 million during the first years to NOK 1.5 million in constant 2009-NOKs, so 50% higher during the recent framework period.

While in 2009 NCA therefore had to negotiate nearly 80 agreements in 29 countries, in 2018 this had been reduced to only 14 agreements across 8 countries (in both years the respective framework agreements had been signed a couple of years earlier).

Geographic concentration

There has been considerable geographic concentration over the period. NCA has financed projects in 55 countries, but of these, 20 received less than NOK 10 million in total, and most of this at the beginning of the period. NCA phased out of the Western Balkans, but also exited some developing countries, including some of Norway's priority countries – Mozambique, Nepal and Uganda – where NCA's engagements were limited. The organisation decided to concentrate its efforts around its larger programmes.

Of the remaining 35 countries, 18 of these received between NOK 10-50 million total over the ten-year period; five countries received NOK 50-100 million, seven got NOK 100-200 million, nine countries more than NOK 200 million. Looking at the shares that these partner groupings received, Table A6.2 shows that the largest partner countries received an average of 46.7% during the first three-year period and 53% during the last three years. On the other hand, the 18 smallest partner countries saw their average share of 17% during the 2009-2011 period decline to only 4% in the years 2016-2018.

45 In countries with complex emergencies, separate projects may be addressing different sectoral problems, or in different regions, or be funded both by the MFA and the local embassy, or require a new phase which was then given a separate project number.

Table A8.2 – Share of NCA disbursements across groups of partner countries

Year	9 largest partners' share of total funds ¹	18 smallest partners' share of total funds ²	Global (unspecified) share of funds ³
2009	45.9%	16.3%	4.8%
2010	46.1%	15.1%	5.4%
2011	48.4%	19.8%	5.2%
2012	47.0%	15.4%	7.4%
2013	52.5%	9.4%	16.9%
2014	60.7%	8.1%	27.1%
2015	62.7%	8.3%	25.1%
2016	50.6%	2.6%	8.2%
2017	54.2%	7.1%	7.8%
2018	54.4%	2.5%	8.0%
Total	52.3%	10.0%	12.1%

Source: Norwegian aid statistics (Norad)

1 and 2: This is the share of country-allocated funds, so not including the funding that was global/not country specified – see note 3.

3: This is largely funding over the 2013-2015 framework agreement that was not allocated to specific countries and which shows a big “bump” during these years. The relative importance of the other country groupings during these years are thus not really compatible since a fair share of the global funds were disbursed across agreed partner countries, but the share for each country is not known.

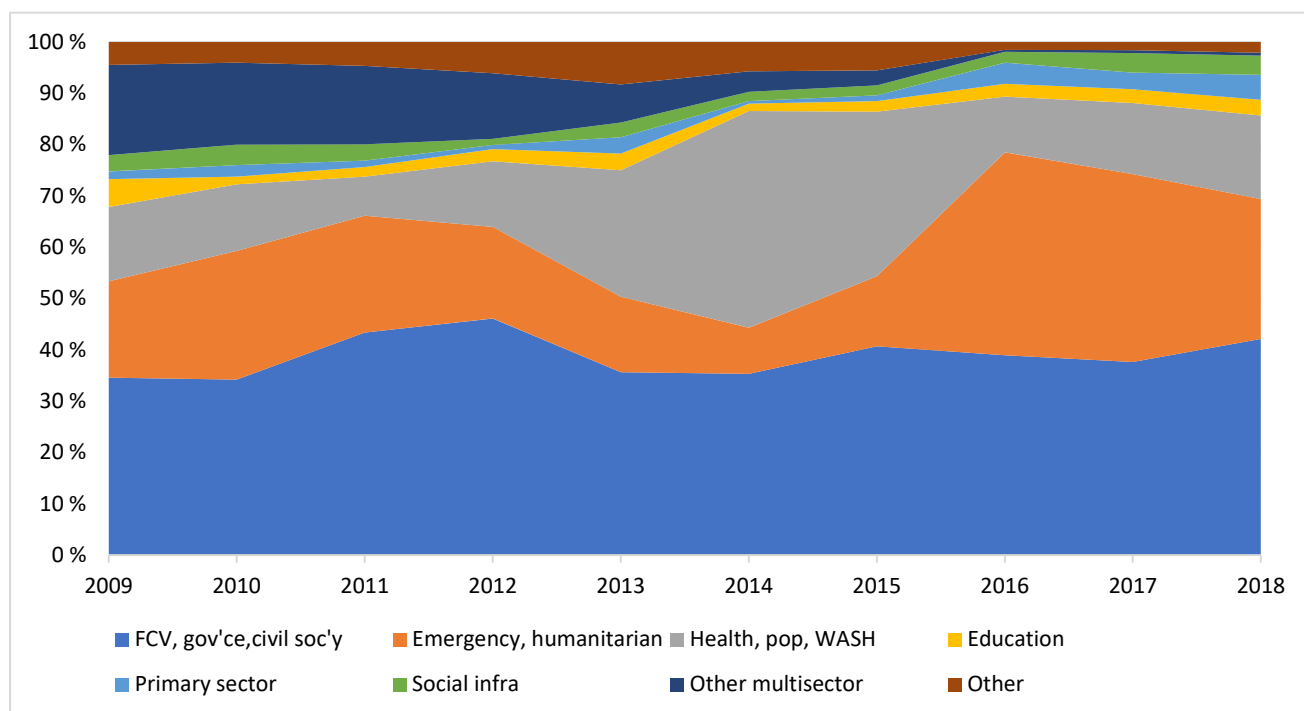
The actual concentration has been a gradual one, however. If one considers countries that had projects that received at least NOK 1 million in a given year, there were 36 countries in this category in 2009, 31 in 2012 and 22 in 2018. The reason for this more gradual decline is that while the countries with separate agreements has seen a sharp decline, the reduction in number of countries covered by the framework agreements has been more gradual, and in particular took place as part of the more recent framework negotiations (see below).

Thematic aid concentration

Table A8.3 shows actual disbursements according to DAC sector registered for the ten years 2009-2018. A total of 20 sectors are used, but even these are somewhat aggregated: all health and education sub-sectors are aggregated, and other aggregations are also done (see Table A8.3).

In order to see the thematic concentration better in Figure 8.1 below, some further aggregation has been done. Health, population and WASH sectors (DAC sectors 120,130 and 140) have been merged into one sector called health, as these are often linked programmes in the field. The allocations for governance, civil society, conflict prevention and reconciliation (DAC sectors 151 and 152) have been merged into FCV (fragility, violence, conflict) governance + civil society. Likewise, emergency response; reconstruction, relief and rehabilitation; disaster prevention and preparedness; and food aid/food security (DAC sectors 720, 730,740 and 520) are concatenated into Emergency together with humanitarian aid.

Figure A8.1 shows the relative share of eight such aggregated dimensions. It is clear that over time the three dominant areas of (i) FCV, governance and civil society, (ii) emergency and humanitarian aid, and (iii) the broad health concept are receiving an increasing share of NCA resources. While at the beginning of the period these three accounted for about two-thirds of all, by the end of the period they represented nearly 80% of the funding. Three other areas, namely (iv) education, (v) primary sector – largely agriculture – and (vi) other social infrastructure had more or less maintained their limited share throughout the period, with agriculture getting a little more during the most recent years. The share going to humanitarian aid has changed considerably, where in particular assistance to Afghanistan and Syria has contributed to some volatility. However, it should also be noted that when this has experienced a dip such as in the period 2013-2015, the assistance to the extended health programmes have increased, often providing assistance to the same areas and beneficiary groups, so the shifts in shares may be as much a function of expenditure classification as any real changes in thematic funding.

Figure A8. 1 – NCA funding shares across thematic areas

Source: Norwegian aid statistics (Norad)

A8.2 Aid concentration efforts

NCA, in line with other Norwegian CSOs, have clearly concentrated their aid efforts more over the last years. This is seen to be a function of both requests and encouragement from in particular Norad, more recently also from the MFA, but also due to internal pressures.

During its own strategy processes, NCA management had looked at the wide portfolio of activities that the organisation was involved in. The concern was primarily on reducing the number of agreements but where geographic focus became linked to this: by reducing the number of countries where NCA was engaged with smaller programmes, the number of small agreements could be reduced.

In 2009 NCA had projects in 36 countries with funding of over NOK 1 million while in 2012 this number had been reduced to 31. However, this process was accelerated with the incoming government's Sundvolden Declaration in 2013. The Minister during the period from 2013 to 2017 was focused on this issue, so this shaped the discussions Norad had with CSOs when their framework agreements came up for renewal.

During the period leading up to the new framework agreement after the 2011-2015 was set to expire, Norad made it clear that they would like to see the number of countries covered by the agreement reduced. No particular number was suggested nor which countries Norad would suggest that NCA exit from, so it was up to NCA to make suggestions in terms of number and which specific countries to include.

Inside NCA, the administrative and financial units wanted the portfolio to be slimmed considerably since the costs of managing so many different contracts in so many countries were a serious burden on the organisation. Programme staff, on the other hand, were committed to their partners and the work they were doing, arguing that while the projects in terms of money perhaps were not very large they were often important both to the local partner but also to the issue being addressed. According to NCA management staff, the resistance inside NCA to cutting countries was a major hurdle as there was great reluctance to essentially walk away from good partners. In the end, the process ended with a reduction in number of partner countries, which NCA management believes was the right decision but undoubtedly would have been more difficult to achieve had it

not been for the pressure from Norad: it became clear to the entire organisation that it would have to comply with the concentration concerns if its framework proposal was going to succeed.

Other efforts contributing to aid concentration

While the framework discussions were important to achieve this reduction, other processes and instruments also were important. The introduction in 2015 by Norad of the RAM criteria for assessing framework agreements meant that new framework proposals required a lot more work. The criteria were also such that it was obvious that a proposal that was more focused would score better, so the incentive to limit the number of projects and countries was great.

The increased focus on results-based management (RBM) as part of the new framework process further increased this pressure. The requirement for more rigorous results frameworks that both encompassed the entire programme that was being proposed, but also that data validity and reliability had to be better meant that a lot more work went into developing these frameworks. The demand for more data on better defined indicators that allowed for aggregation across interventions was also new and required considerable effort on the side of the programming staff.

The RAM criteria also favoured clearer thematic focus and justification. This again made a programme proposal easier to get through the approval process if it had a better definition of the sectors an organisation was going to work on. Fewer sectors – more thematic concentration – would hence simplify the application and the considerable work that had to be invested in order to improve likelihood of approval.

At the same time, the so-called “zero tolerance” policy of the MFA and Norad put tremendous pressure on the financial management of all Norwegian CSOs. The policy as it was practiced at that time meant that if there was a suspicion, as seen by Norwegian authorities, that funds had been abused, the funding stream in question was immediately frozen. This meant that local organisations during the period they were under investigation did not receive further funding even if it was clear that the possible funds abuse was limited to a particular area or person. Because cases could drag on for a year or more this was a major source of concern. The Norwegian CSO was then facing the dilemma of whether they should let the local activity die for lack of funds, or continue financing the project with their own funds in the expectation that the accusations were found to be groundless so that in the end the resources would be freed up – the CSO would simply provide an advance on what was the agreed funding package.

But Norway’s policy at that time was that if it was decided that funds in fact had been misappropriated, the Norwegian CSO would have to refund that amount. That is, not only would the CSO lose the money that had been misappropriated, it would also have to pay out of own funds the same amount back to Norad or the MFA. The CSO would thus lose that amount twice: to the organisation that had misappropriated it, and the refund to Norwegian authorities. To continue advancing funds to an activity or organisation that was accused of funds abuse thus became very risky.

The increased focus on fiduciary risk also changed somewhat the relationship between the Norwegian CSO and its local partners. In most cases, partnerships had developed over years based on the values of the CSO and the partners it had identified in the various countries. Now that relationship had to include up-front due diligence to verify financial systems, audit reliability etc. If local partners could not document adequate financial systems and management, the Norwegian CSO had to consider the risk it was running, and in cases where they felt they could not accept that risk exposure, would have to either cut the partnership or invest considerable resources in building the necessary capacity and controls – expenditures that perhaps were useful but could be seen as out of proportion to the internal needs of the local organisation itself. The “zero tolerance” principle pushed Norwegian CSOs, including NCA, to both reduce the number of local partners and focus more on the larger and more professional ones.

The original 2015 RAM included 17 criteria. This was over time reduced, so that by 2020 there were only seven somewhat broader criteria. The “zero tolerance” was also relaxed in that CSOs were not expected to reimburse funds lost to corruption or other forms of funds abuse if they could document that they had put in place the controls and oversight systems that could reasonably be expected.

For NCA and other CSOs spoken with, the main factors behind more aid concentration were therefore:

- “Zero tolerance”: This was seen by all as the most important driver for aid concentration as it tended to force the Norwegian CSOs to cut the number of local partners to ensure that they had the resources to carry out the appropriate due diligence. More troubling for some was that it also meant that it was the weaker partner organisation that had to be let go – organisations that in principle might be exactly the ones they should have worked with to build their capacity but which also were the local CSOs that worked in smaller communities or with particular social groups that the Norwegian programme was meant to reach.
- The RAM criteria required much better prepared, more strategic and better argued proposals. This encouraged a concentration on fewer countries since the CSO had to document that it had sufficient country knowledge and engagement that the country-level objectives were realistic and that the CSO had the capacity to handle the country risk exposure.
- The increased demands for better and more detailed reporting against a better specified results framework with the overall focus on RBM also pushed towards a more streamlined and focused programme, in order to keep reporting costs reasonable and realistic.

The framework agreements were therefore the instrument where these various concerns came together in one documented approach: how the organisation intended to reach stated objectives by having a thought-through and credible strategy with a clear focus on selected countries and thematic concerns with carefully identified local partners, and where performance would be monitored and reported against operational indicators along identified delivery chains.

A8.3 Effects of aid concentration

Effects on Norwegian Church Aid

Norwegian Church Aid (NCA) believes that the overall result of the aid concentration steps have been positive, but not painless.

The organisation had through its own strategy processes tried to find a solution to the increasing management costs of handling an increasingly complex portfolio of projects. While the argument from a management perspective was clear, the commitment to local partners based on the fundamental values of the church-based organisation made it difficult to cut lose local partners who trusted and were to some extent dependent on the collaboration with NCA. The framework negotiations made it clear, however, that choices had to be made if NCA was to be able to continue its level of engagement.

The framework agreement process requires and supports more strategic thinking, not just regarding quantitative dimensions of the programme – number of agreements, partners, countries, thematic sectors – but in terms of what they want to achieve and how best to achieve this. The framework agreements, with their deadlines and criteria, impose a certain discipline and focus which is useful. The reduced number of interventions and country frameworks conditions that need to be understood is expected to lead to better quality management, oversight and control, which in turn is anticipated to lead to better results for their partners and the issues they are addressing.

While NCA has had framework agreements for development assistance for over 20 years, the agreements have become larger, more rigorous but also more flexible in that re-allocations between activities can be undertaken without prior approval by Norad, up to 10% of the annual budget. As the framework agreements are larger, this gives NCA a lot of flexibility.

This greater flexibility provides a stronger foundation for more complex collaborations, in particular with regards to the key area of capacity building. Medium- to long-term capacity building is complicated and somewhat risky to undertake, but the greater volume and predictability of funding allows for three- to five-year activity planning

since activities can easily be scaled up or down depending on progress. A more strategic focus on capacity development is key to the sustainability of the local partner and hence a pre-condition for an orderly exit.

The larger framework budgets with the fixed percentage overhead provides additional flexibility for NCA, as it is free to allocate the overhead to its own priority activities and not lock the overhead financing to the management of specific projects.

Total time for preparing framework agreements is greater, however. While head offices now say they spend between 18 to 24 months preparing these agreements, NCA still needs to prepare their various country strategies. This is because the interventions at the end of the day are specific to each country, but also because in a number of countries they may have other sources of financing as well, so they need to have an overall approach to their programme in a given country.

The time spent on reporting initially increased because the individual projects still need to report against their own results frameworks while the work at head office of aggregating information on a given indicator across countries with quite different implementation conditions is challenging. The time costs on this reporting is now seen as falling as the organisation learns how to work with the various indicators and summarise better what has been achieved.

While framework agreements with Norad have been in place for many years, the MFA is now also providing framework agreements for its humanitarian and emergency work. From the MFA side, this is in part for the same reasons as for Norad: it rationalises work, lowers administrative costs and provides more time for more strategic dialogue. But it is also in recognition of the fact that humanitarian crises and conflicts are largely recurring, continuous and predictable, such as in Syria, the Sahel etc., so that medium-term agreements make sense. For the CSOs, this is also seen as a welcome development, both for its greater predictability, but also as it increases transparency in decisions and resource allocations: CSOs have for some time complained about the lack of clear criteria for allocating fairly large contracts in this area, which is now addressed with the framework application procedure.

Views of other Norwegian CSOs

The dialogue with Norad's Civil Society department (SIVSA) in connection with the more recent framework negotiations is seen as positive. Several CSOs noted that the desk officers they deal with are helpful, available when they need clarification, and overall interested in arriving at good agreements. This is in part attributed to the fact that the more difficult discussions that took place based on the original RAM approach are now out of the way.

The most serious downside is seen to be the need to reduce the number and kinds of partners they can have on the ground. All CSOs spoken with note that many of their partners either are or started off as quite weak in a number of areas, particularly related to administration and management. The extreme risk aversion of the "zero tolerance" policy is therefore seen as somewhat contradictory to both the "leave no-one behind" but also the poverty reduction objective, which entails working with the more marginalised and difficult-to-reach beneficiary groups. It is often small-scale local organisations that reach these intended groups.

Two of the CSOs pointed to experiences where thematic concentration was imposed. In one case, a CSO was told to lock in a certain amount of its total budget to a given sector, while in another case a CSO was told to leave a sector. In both cases, the CSO felt that these requirements were based on administrative considerations without relating these to the CSOs' strategic objectives, where the balanced thematic approach was seen as important.

Another issue brought up by several, is the uncertainty that the internal approval process entails. While the dialogue is with SIVSA, the agreements also go to the technical departments in Norad – for example health or agriculture – and the Results Unit regarding the results framework. The latter in particular has posed challenges as some of the CSOs feel that the Results Unit, not having been part of the substantive discussions, raise a number of concerns that should have been integrated into the substance talks earlier on. The more serious concern is that they experience the Results Unit as being more focused on quantitative indicators,

which forces a focus in this direction that may not be where the CSOs themselves see that the attention should be, creating challenges for their own strategic focus

Organisational Review of NCA

The above information is confirmed by the organisational review carried out by FCG in 2018, which says among other things:

“NCA’s current Programme Plan (2016-2020) led to a thematic concentration on seven global programmes compared to twelve in the previous period. At country level, number of global programmes to be implemented was reduced from five to maximum three. NCA sought also to concentrate its operations geographically by phasing out NCA representations and creating joint programmes with ACT members. Number of country offices has been reduced from 17 to 14 (between 2015 and 2018) while number of joint offices (ACT) has increased from 1 to 5. The number of area/regional offices has remained the same – 3. The estimated total number of partners globally has decreased from 277 to 210. On the other hand, the number of recipient countries has remained the same.”

The aid concentration efforts as operationalised in the framework agreements thus have had several consequences:

- It has forced a more strategic thinking and presentation on the side of the CSOs.
- It is providing greater predictability of resources, flexibility for readjusting funding between interventions, and provides an aggregate overhead fund that can be applied as the CSO sees fit, which CSOs point to as major benefits.
- The preparatory time is greater as each application is much more demanding in terms of clarity of objectives, coherence in approach, justification of priorities, and systematic approach to quality assurance and results and financial reporting.
- On the other hand, the periodicity of programme reporting is predictable, and while reporting costs may have gone up – individual projects must still provide their own results reporting – the year-on-year reporting becomes streamlined, larger issues can be addressed across the relevant parts of the programme, and the consistent reporting structure allows for more uniform reporting over time.
- Financial reporting and management of fiduciary risk has become a much greater challenge, where financial departments and the costs of due diligence and audits have grown considerably.
- The framework agreements do not necessarily reduce the time required to plan the country-level interventions, so to some extent the framework preparations come on top of the existing country programming, though country programming is now more medium-term rather than annual, so there are efficiency gains from this.
- With the second round of framework agreements, however, NCA and other CSOs are seeing that they are able to streamline parts of the administration and therefore are experiencing a decline in their administrative costs. The fact that the MFA is now also offering framework agreements they expect will further simplify their administrative and financial management.

Effects on the Norwegian aid administration

The framework agreements clearly simplify the administration on the side of the MFA and Norad. While the demands on the MFA in terms of its results reporting to Parliament – and the public – have increased, these costs are largely passed on to the implementing partners since more streamlined and uniform results matrices are core components of all framework agreements.

While this gives the MFA and Norad a more strategic overview of what is being funded, they are clearly able to be more directional in terms of contents as well. This has been particularly addressed when it comes to the scope of countries and number of projects included in the various framework agreements.

At the same time, Norad staff note the shift in attention towards more strategic dialogue, which it is believed will contribute to better aid results over time.

Effects on local implementing partners

The key change is seen to be the reduction in number of local partners that has taken place due to the increased risk aversion that the “zero tolerance” policy has led to. A number of CSOs are worried that they have had to let go of partners they felt were doing a good job in their particular field or geographic area, were good at “leaving no-one behind” yet did not have the financial management and control systems in place that allowed the Norwegian CSO to continue having them as direct partners on the ground.

The relationship in general is also seen as becoming more instrumental and less equity based, as the Norwegian CSO now has to some extent to “certify” local partners and demand a level of insight and control that can be seen as quite intrusive by local partners.

There is also the danger that as more CSOs need to find more professional local partners, there is a growth in the professional local CSOs, with urban-based well-educated management but perhaps with less direct relations to intended target groups. – To what extent this is a real issue or just a concern is not clear.

Other effects

The fundamental argument behind the aid concentration efforts is the notion that this will provide for better resource allocations and ultimately better Outcomes and greater Impact. None of the CSOs spoken with can say with any certainty if this will in fact be the final result as the consequences of the aid concentration that has taken place cannot yet be traced through to more long-term effects on the framework agreement objectives, but they agree that aid concentration has moved management’s attention to the more strategic and sustainable dimensions of the collaboration.

Table A8.3 – Disbursements by DAC Sector, 2009-2018 (in NOK)

DAC Sector		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
220	Communi-cations	2,976,480	2,745,360	4,462,560	4,194,450	4,266,635	3,802,146	3,692,678	860,215	455,910	481,500	27,937,935
230	Energy sector	270,000	216,000	5,000,400	5,987,397	16,383,135	11,938,379	9,335,574			713,671	49,844,556
240	Banking, business	345,600				322,485	196,493	191,877	2,264,516	2,611,842	4,066,000	9,998,814
321	Industry, mining	172,800	800,000	1,762,277	-11,584	1,369,212	6,919,014	7,769,903	3,209,793	1,732,131	1,658,500	25,382,046
330	Trade								1,113,020	1,594,449	1,683,944	4,391,413
410	Env't matters	7,028,040	6,577,682	8,812,594	7,769,172	7,360,030	5,934,325	4,679,180				48,161,023
998	Unallocated	9,346,600	8,539,400	-961,386	6,880,189	6,750,193	5,718,373	3,356,061	1,372,382	2,988,131	2,681,059	46,671,001
310	Primary sector	6,852,600	10,466,280	5,065,901	3,201,594	13,984,813	2,967,565	6,062,564	24,094,251	19,274,369	26,485,476	118,455,413
110	Education	24,540,787	7,060,715	7,757,610	9,695,639	14,403,911	8,779,462	10,768,776	14,648,387	15,583,410	16,792,100	130,030,797
160	Social infra	14,326,800	18,808,154	13,094,220	4,851,838	12,669,281	11,018,791	10,007,356	12,375,884	22,318,432	20,227,914	139,698,670
120	Health	17,468,990	18,689,008	8,455,361	20,847,143	41,644,438	98,217,132	43,980,657	30,634,403	37,373,766	25,254,150	342,565,048
130	Population	17,166,000	19,589,392	12,562,660	11,262,266	10,951,669	9,408,846	10,308,365	6,601,613	12,962,892	21,872,653	132,686,356
140	WASH	31,315,171	22,622,160	10,097,453	19,914,110	56,036,205	148,294,011	113,731,239	26,357,549	31,021,239	41,673,535	501,062,671
430	Other multisector	79,663,826	74,875,700	62,247,907	52,084,139	32,614,438	24,157,119	15,346,066	2,419,355	3,242,027	3,360,012	350,010,589
152	FCV, peace	33,408,520	46,537,344	52,612,221	46,522,116	28,094,961	52,467,398	65,633,706	46,633,435	52,285,517	42,408,903	466,604,121
151	Govt, civil soc'y	123,058,376	113,964,841	124,645,426	141,268,179	129,006,464	161,516,672	147,717,376	181,347,338	168,894,008	187,345,658	1,478,764,338
520	Food aid, security	216,000	216,000				294,740					726,740
730	Reconstr, relief, rehab	22,854,576			-360,000		196,493	143,908				22,834,977
740	Disaster prev, prep	164,468	840,000	615,600	467,765	1,328,785	1,133,547	2,740,004	2,423,430	2,356,470	1,714,057	13,784,126
720	Emergency aid	61,694,760	116,624,715	92,137,305	72,799,644	63,431,616	52,956,546	68,657,489	229,055,494	212,747,669	147,046,439	1,117,151,679
		452,870,394	469,172,751	408,368,109	407,374,059	440,618,271	605,917,052	524,122,779	585,411,064	587,442,261	545,465,570	5,026,762,312

Source: Norwegian aid statistics (Norad)

Table A8.4 – Financing by Norwegian state budget chapter, 2009-2018 (in NOK) – by actual disbursements

Budget chapter	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
150 - Aid Africa	71,395,895	79,644,417	73,326,602	73,370,382	64,867,045	160,708,829	89,502,579	125,320,175	152,460,422	146,523,410	1,037,119,756
151 - Aid Asia	31,123,000	42,000,000	29,000,000	33,000,000	31,000,000	33,102,280	31,500,059		10,000,000	10,000,000	250,725,339
153 - Aid Latin America		10,000,000	9,996,912	9,996,912	9,996,912	5,345,852			4,500,000	4,468,483	54,305,071
160 - Civil society, democratic dev't	156,522,847	158,931,816	161,609,744	168,989,951	154,475,457	190,997,221	167,296,202	195,518,390	203,524,680	211,991,766	1,769,858,072
162 - Transition (GAP) assist	48,777,745	41,019,652	19,775,186	20,531,620	48,996,157	23,999,887	61,799,887	18,500,000			283,400,134
163 – Hum aid, emergency, human rights	108,630,453	119,495,715	96,581,336	84,954,162	115,154,102	172,014,610	163,454,199	239,887,099	211,465,809	174,604,729	1,486,242,214
164 - Peace, reconciliation, democracy	26,828,645	16,333,151	11,119,900	16,692,788	6,943,065	5,144,433	204,241	-101,273	2,750,000		85,914,950
165 - Research, cap devt, evaluation	446,809	1,748,000	1,775,500	1,360,149	976,190	2,950,000	2,950,000	3,900,000			16,106,648
166 - Env'tment, sustainable devt			233,723		8,240,000	9,706,000	4,915,612				23,095,335
168 - Women and equality	9,145,000		5,000,000			3,400,000	2,500,000	3,000,000	2,822,656	-409,931	25,457,725
5309 - Refunds			-50,794	-1,521,905	-30,657	-1,452,059		-613,326	-81,306	-1,712,887	-5,462,934
	452,870,394	469,172,751	408,368,109	407,374,059	440,618,271	605,917,053	524,122,779	585,411,065	587,442,261	545,465,570	5,026,762,310
No. contracts/projects	391	465	444	378	418	397	399	320	313	305	3,830

Source: Norwegian aid statistics (Norad)

Annex 9 – Country lists

In 2002, the Government presented its comprehensive Action Plan for development, *Fighting Poverty*, where international cooperation and national ownership were key concerns.⁴⁶ In this Action Plan, reference was made for the first time to geographic concentration. In its budget proposal for 2002, the Government revived the concept of main cooperation countries (“*hovedsamarbeidsland*”) for seven countries and cooperation with a further 18, reducing the number of bilateral agreements from 42 to 25.⁴⁷ The justification for selection of countries and actual number on the list tended to be fairly general, linked to poverty levels, historic links, and addressing MDGs, but with increasing attention to fragile and conflict affected states, so new countries like Afghanistan were added.

This structure did not change till the 2008 budget, where the distinction between main cooperation countries and others was removed. Instead a list of 28 cooperation countries (“*samarbeidsland*”) was provided, where Norway would maintain long-term cooperation with some of these while cooperation with others would be limited to thematic collaboration in areas where Norway has technical expertise.⁴⁸

In 2012, a new list of 18 bilateral partner countries was presented, while the following year the list contained 15 central countries for long term bilateral aid. In the 2014 budget, which was the first budget presented by the new government after the Sundvolden Declaration, no list of long-term partner countries was provided. Instead, it was stated that it was the partner countries’ own strategies and desire for poverty reduction along with an assessment of where Norwegian assistance might provide value-added that would set the frame for long-term collaboration. This was also meant to be the starting point for concentrating aid and the basis for a clearer division of labour among the donors.⁴⁹

The budget proposal for 2015 introduced the concept of “focus countries” where Norway was to have long-term commitments with 12 countries, six being fragile states while the others were expected to move towards sustainable development, a list maintained also the following year. This was justified in light of the need to reduce aid fragmentation, where the Government noted that in 2013 Norwegian development assistance had been provided to 116 countries through various channels. Aid concentration would be addressed by reducing the number of recipient countries, focusing and strengthening assistance in these focus countries, and simplifying and improving aid management.⁵⁰

In the 2017 budget proposal, the policy effort of supporting 12 focus countries was continued, where the geographical focus was for the first time linked with the intention to reduce the number of partners and agreements, as referred above.⁵¹

Two White Papers in 2017 and 2018 addressed the issue of aid concentration. The focus of the first White paper ‘Common Responsibilities for Common Future’ is on alignment of Norway’s development policy with the SDGs. In addition, key (thematic and cross-cutting) priorities and geographical priorities are mentioned together with other priorities.⁵² In this policy document, the Government stated that it was going to concentrate its bilateral aid on 20-25 partner countries in three categories: long-term development partners (8 on the list); conflict-affected states (10 on the list); and countries addressing common global challenges (6 on the list).⁵³ In a subsequent White Paper from June 2018 that specifically discussed partner countries, the first two categories of countries are maintained, now listing 10 in the first and six in the fragile states categories. At the same time, a clearer ambition of more concentration is noted. One of the stated objectives is to make the partner countries

46 Ministry of Foreign Affairs (2002), *Fighting Poverty*, White Paper March 2002.

47 *St.Prp. 1/ 2001-2002*, p. 75.

48 *St.Prp 1/ 2007-2008*, p. 93.

49 *St.Prp 1/ 2013-2014*, p. 119.

50 *St.Prp. 1/ 2014-2015*, p. 45.

51 Request for Status Update report to the MFA, 23 June 2017.

52 Ministry of Foreign Affairs, *Common Responsibility for Common Future*, *St.Mld 24/2016-2017*, p.72.

53 Ministry of Foreign Affairs, *Common Responsibility for Common Future*, *St.Mld 24/2016-2017*, p.15.

independent from aid, while reference is made to partnership principles and the need to consider bilateral and multilateral channels together.

This annex presents the sequence and the different lists of “partner countries” that were defined by Norway over time. The list of eligible countries is based on the countries listed in the State Budgets and their annexes, to reflect as complete a mapping as possible. It will be adjusted as necessary.

- 2002: 7 main long-term bilateral partner countries (hovedsamarbeidsland), and 18 partner countries (særskilte samarbeidsland) where Norway is not the lead donor, and Norwegian efforts are limited to more strategic contributions that are linked to priority areas for Norwegian development and foreign policy.
- 2008: 28 long-term bilateral partner countries (samarbeidsland)
- 2012: 18 key long-term bilateral partner countries (samarbeidsland, 18 countries named as “De mest sentrale landene for samarbeid”)
- 2013: 15 long-term bilateral partner countries (*samsamarbeidsland*)
- 2015: 6 conflict-affected states and 6 long-term development partners (*focus countries*)
- 2016: 6 conflict-affected states and 6 long-term development partners (same as in 2015) (*samsamarbeidsland*)
- 2017: 6 conflict-affected states and 6 long-term development partners (same as in 2015 and
- 2018: 10 conflict-affected states, 8 long-term development partners and 6 countries addressing common global challenges
- 2019: 6 stabilisation and conflict prevention country and 10 long-term development partners (partner countries)

Table A9. 1 – List of conflict-affected partner countries

Country	2002	2008	2012	2013	2015	2016	2017	2018	2019
Afghanistan	*	x	x	x	x	x	x	x	x
Burundi			x						
East-Timor	x	x	x	x					
Eritrea	x								
Haiti					x	x	x	x	
Jordan								x	
Lebanon								x	
Mali	x	x	x		x	x	x	x	x
Niger	x							x	x
Palestine	x	x	x	x	x	x	x	x	x
Somalia					x	x	x	x	x
Syria								x	
South Sudan			x	x	x	x	x	x	x

*Afghanistan was mentioned in the Norad 2002 annual report as country for civil society and democratic development.

Table A9.2 – List of long-term development partner countries

Country	2002	2008	2012	2013	2015	2016	2017	2018	2019
Angola	x	x							
Bangladesh		x							
Bhutan	x								
Brazil								x*	
Botswana	x								
China	x	x							
Colombia								x*	x
Ecuador									
Ethiopia	x	x	x	x	x	x	x	x	x
Ghana									x
Guatemala	x	x							
Guyana									
India	x								
Indonesia	x	x						x*	x
Kenya		x							
Liberia			x	x				x	
Malawi	x	x	x	x	x	x	x	x	x
Mongolia	x								
Mozambique	x	x	x	x	x	x	x	x	x
Myanmar					x	x	x	x	x
Nepal		x	x	x	x	x	x	x	x
Nicaragua	x	x							
Nigeria	x	x						x*	
Pakistan	x	x	x	x					
Peru									
South Africa	x	x						x*	
Sri Lanka				x					
Sudan				x					
Tanzania	x		x	x	x	x	x	x	x
Tunisia								x*	
Uganda	x	x	x	x				x	x
Vietnam		x							
Zambia	x	x	x	x					
Zimbabwe	x								

* countries addressing common global challenges

Table A9.3 – List of other eligible countries, not including the 16 partner countries 2019

Albania	Egypt	(North-) Macedonia (Fyrom)	Syria
Angola	Eritrea	Madagascar	Tajikistan
Armenia	Gabon	Moldova	Tunisia
Azerbaijan	Georgia	Mongolia	Turkey
Bangladesh	Guatemala	Montenegro	Ukraine
Belarus	Guyana	Morocco	Vietnam
Bhutan	Haiti	Nicaragua	Yemen
Bolivia	Honduras	Nigeria	Zambia
Bosnia-Herzegovina	India	North Korea	Zimbabwe
Brazil	Iraq	Pakistan	
Burkina Faso	Iran	Papua New Guinea	
Burundi	Ivory Coast	Paraguay	
Cambodia	Jordan	Peru	
Cameroun	Kazakhstan	Philippines	
Central African Republic	Kenya	Rwanda	
China	Kyrgyzstan	Serbia	
Cuba	Kosovo	Sierra Leone	
Demo. Republic of the Congo	Laos	South Africa	
East Timor	Lebanon	Sri Lanka	
Ecuador	Libya	Sudan	

Annex 10 – Budget proposals and allocation letters 2013-2018

Issue	2013	2014	2015	2016
Country list	<p>State Budget 2012-2013; p.108</p> <p>15 key countries for long term bilateral aid. Several of the countries will receive funding from different budget lines.</p>	<p>None referenced</p>	<p>State Budget 2014-2015; p.45-46 Appendix 1; p.360</p> <p>Total of 84 partner countries. Government has chosen 12 focus countries split into 2 groups</p>	<p>State Budget 2015-2016; p.135-136 Appendix 1; p.400-401</p> <p>Total of 85 partner countries. (Sierra Leone was added into the "Other Partner Countries" category)</p> <p>Government has chosen 12 focus countries split into 2 groups</p>
Geographic	N/A	N/A	<p>Letter of Allocation 1/2015; p.5</p> <p>The Government will submit its own case to the Storting before the 2016 budget on focus countries and geographic concentration. Proposals for further concentration will be prepared for the 2016 budget. Norad will be asked to contribute in this process. Norad will continue to be involved in the efforts regarding focus countries.</p> <p>Exemption: Humanitarian Aid and Voluntary Organisations</p>	<p>Letter of Allocation 1/2016; p.5</p> <p>Geographic concentration, and focus country priority, will be the basis for all efforts, if nothing else is stated/determined.</p> <p>Exemptions: Civil society; Humanitarian Aid and Norfund (p.51 State Budget)</p>
Thematic	<p>Letter of Allocation 1/2013; p2-5</p> <ul style="list-style-type: none"> * Fair distribution of resources * Energy for all * Women & Gender Equality: * Global Health * Climate and Environment 	<p>Letter of Allocation 1/2014; p.1-4</p> <ul style="list-style-type: none"> * Education *Business Development, including Trade *Global Health *Renewable Energy 	<p>Letter of Allocation 1/2015; p.1-5</p> <ul style="list-style-type: none"> * Education * Business development * Health *Women and Gender Equality *Human Rights, Democracy and Good Governance * Energy and Climate 	<p>Letter of Allocation 1/2016; p. 1-4</p> <ul style="list-style-type: none"> * Education * Business development and Job creation * Fragile States and Conflict * Health *Human Rights * Climate, Environmental Development Work and

		<p>*Human Rights, Democracy, Good Governance and Anti-corruption</p> <p>*Women and Gender Equality</p> <p>*Peace and Reconciliation</p> <p>*Results orientation</p>		<p>Renewable Energy</p> <p>*Humanitarian Aid and efforts in Fragile states and Regions</p>
Partner and agreement concentration	N/A	N/A		<p>Letter of Allocation 1/2016; p.5</p> <p>The work to further reduce the number of agreements will continue. In line with Norad's own estimate, a reduction of 25-30 per cent is expected based on current management tasks.</p>
Comments	<p>Letter of Allocation 1/2013; p.5-6</p> <p>Other Priority Areas: Education State and Peacebuilding Human Rights and Democracy</p>		<p>State Budget 2014-2015; p.17</p> <p>* Concentration on fewer countries, clear priority to the poorest countries.</p> <p>* Introduction of focus countries, to strengthen Norwegian efforts. Focus countries should be countries for broad, long-term and poverty-related commitment, where we have good country knowledge and can make a difference, and where we have a presence that provides a basis for close follow-up and ongoing dialogue with the authorities.</p> <p>* Additionally, a greater emphasis on cooperation with industry and public-private cooperation.</p> <p>* This restructuring will contribute to simplification and improvement of Norwegian development policy, with a clearer focus on results.</p>	

Terms	<ul style="list-style-type: none"> * Partner countries (partnerland) is used (for Nato, EFTA, and Technical support) * Partner countries (samarbeidsland) used to cover all forms of partner countries in this budget proposal; * Concentration (konsentrasjon) used for intentions, but no clear objectives 	<ul style="list-style-type: none"> * Partner countries (samarbeidsland) used to cover all forms of partner countries in this budget proposal; * Concentration (konsentrasjon) is used for intentions no clear objectives 	<ul style="list-style-type: none"> * Introduction of the term focus countries (fokusland) 	<ul style="list-style-type: none"> Concentration with clear objective used for the first time partner countries (samarbeidsland)
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Issue	2017	2018	2019
Country list	<p>State Budget 2016-2017, Appendix 1; p.408-409</p> <p>Total of 85 partner countries. Government has chosen 12 focus countries split into 2 groups</p>	<p>State Budget 2017-2018; p.149 Appendix 1; p.424-425</p> <p>Total of 85 partner countries. Government had chosen 12 focus countries, 12 more will be added, total of 24 focus partner countries split into 3 groups.</p>	<p>State Budget 2018-2019; p. 91-92</p> <p>16 partner countries are listed</p> <p>No full list of 85 total partner countries as in previous years.</p>
Geographic	<p>Letter of Allocation 1/2017; p. 2</p> <p>Norad will continue concentration efforts by:</p> <ul style="list-style-type: none"> * Complying with the list of the 85 "partner countries 2017" (annex 1 in the Budget) * Working towards further concentration where the situation facilitates this, including areas where there are exemptions from the 85 country list * And by prioritizing the 12 focus countries listed <p>Exemptions from the partner country lists: Civil society; Humanitarian Aid and Norfund (p.58 State Budget)</p>	<p>Letter of Allocation 1/2018; p.9</p> <ul style="list-style-type: none"> *Emphasis on geographic concentration in bilateral aid. <p>Budget line exemptions: 160.70 Civil Society, 161.75/161.95 Norfund, 163.70 Emergency and Humanitarian aid, and 164.70 Peace, reconciliation and democracy</p>	<p>Letter of Allocation 1/2019; p.3</p> <ul style="list-style-type: none"> * Storting White paper 24 (2016-2017) number of focus partner countries will be raised to 24-25 * Storting White Paper 17 (2017-2018) Concluded in June 2018 to choose 10 partner countries for "long term development" and 6 for "stabilisation and conflict prevention". <p>Budget line exemption: 150.70 Emergency and Humanitarian Aid; 151.70 Peace and Reconciliation; 170.70 Civil Society</p>

<p>Thematic</p>	<p>Letter of Allocation 1/2017; p.1-2</p> <ul style="list-style-type: none"> * Education * Health * Business development/Private Sector * Climate, Environment and Energy * Humanitarian Aid and efforts in Fragile states and Regions 	<p>Letter of Allocation 1/2018; p.4-7</p> <ul style="list-style-type: none"> * Education * Health * Business Development and Job Creation * Climate, Renewable Energy and Environment * Humanitarian Aid 	<p>Letter of Allocation 1/2019; p.2</p> <p>The overarching focus areas will be based of the SDGS and the 2030 Agenda. Storting White Paper 24 (2016-2017) "Common responsibility for a common future"</p> <ul style="list-style-type: none"> * Education * Health * Business development, Agriculture and Renewable Energy * Climate, Environment and Ocean * Humanitarian Efforts
<p>Partner and agreement concentration</p>	<p>Letter of Allocation 1/2017; p.2</p> <ul style="list-style-type: none"> * Reduction of agreements by 15% in 2017, * Reduction of contract partners by 10% in 2017 <p>*Number of agreements had been reduced to 4 152 by 2017 (White Paper 24 (2016-2017) p.24)</p>		<p>Letter of Allocation 1/2019; p.3</p> <p>There has been continuous dialogue between the MFA and Norad, and it has been made clear that by the 1st of May 2019 the number of agreements should total 2800. Norad is asked to prioritise this work to be able to reach the target number of agreements by the deadline.</p>
<p>Comments</p>	<p>Letter of Allocation 1/2017 p.2</p> <p>Norad will also prioritise the Government's crosscutting areas:</p> <ul style="list-style-type: none"> * Human Rights * Women's Rights and Gender Equality * Climate and Environment * Anti-corruption 	<p>Letter of Allocation 1/2018; p.7-9</p> <p>Other Priority Areas:</p> <ul style="list-style-type: none"> Fragile States Migration Ocean and Maritime Resources Fish, Agriculture and food security Human Rights Women's rights and Gender Equality 	<p>We no longer use the term donors and recipients, but rather mutual cooperation and real partnerships towards common goals. (State Budget 2018-2019; p.15)</p>
<p>Terms</p>			<p>Focus countries (fokusland) no longer in use; Partner countries (partnerland new definition) p.91 State budget</p>

Annex 11 – Interview and validation workshops guides

A11.1 Interview guide Norwegian aid administration

The Evaluation of the Norwegian aid concentration policy is currently taking place. ADE together with Scanteam have been commissioned to undertake this assignment. As part of this strategic evaluation, a team of evaluators (Anneke Slob [Team Leader], Arne Disch, Adrien Lorenceau, Alexander O’Riordan and Stephanie Crasto) will conduct interviews with key stakeholders in the Norwegian aid administration (Ministry of Foreign Affairs including Embassies, Norad, Ministry of Climate and Energy).

Below are the interview questions that cover the main issues for analysis in line with the evaluation matrix. However, we do not necessarily intend to ask all questions to each interviewee. Depending on the position and nature of work of the respective interviewee, we will emphasize some questions more than others. Technical terms will be defined and explained during the interview if necessary. The interviews will take approximately 45-60 minutes.

Background of the interviewee

- 1.1 Present position
- 1.2 Relation to aid concentration in present position
- 1.3 Previous positions
- 1.4 Please indicate if you are responsible for all three types of concentration?

A11.2 Degree of aid concentration realised

For these questions, if possible, the outcomes of the mapping of changes in concentration will be used to inform the interviewee.

- What is your perception of the degree of partner and agreement concentration in the area where you are active? Can you provide specific figures and examples?
- What is your perception of the degree of thematic concentration in the area where you are active?? Can you provide specific figures and examples?
- What is your perception of the degree of geographic concentration in the area where you are active?? Can you provide specific figures and examples?

A11.3 Linkages between aid concentration and policy efforts

- What do you consider as the main policy efforts for partner and agreement concentration? Were there specific targets for partner and agreement concentration? Any other policy efforts that contributed to partner and/or agreement reduction in your area of work? What have been the main drivers that contributed to partner and agreement reduction?

- What do you consider as the main policy efforts for geographic concentration? Were there specific targets for partner and agreement concentration? Any other policy efforts that contributed to geographic concentration in your area of work? What have been the main drivers that contributed to geographic concentration of the lack thereof?
- What do you consider as the main policy efforts for thematic concentration? Were there specific targets for partner and agreement concentration? Any other policy efforts that contributed to partner and/or thematic concentration in your area of work? What have been the main drivers that contributed to thematic concentration of the lack thereof?

A11.4 Effects of aid concentration on management practices

- Did your tasks change as a result of aid concentration policy efforts? If yes, how? Pls specify for each type of aid concentration. Could you tell me about changes in time spent on various tasks (pls specify if you spend more or less time on specific tasks or if there are no changes):
 - a. Preparation of agreements: (Pre-)identification of partners, feasibility studies, preparation of programmes, preparation of calls for proposals
 - b. Negotiation and contracting: negotiation with implementing partners, contracting, etc.
 - c. Supervision and audits: controlling tasks during implementation and taking corrective action when needed (not including RBM or M&E)
 - d. RBM, policy dialogue and other tasks that are supposed to increase the value added
- Do you think that improvements in aid management have taken place as a result of aid concentration? Pls be as specific as possible and provide examples? (more focus, better priorities, etc)
- Are you aware of any other effects? Eg for implementing partners? Do they benefit from aid concentration? If yes, how? If no, are there any negative effects? How do you check on possible adverse effects such as less innovative activities/organisations supported because of focus on bigger projects?
- How do you think that aid concentration will lead to more effective and efficient delivery of Norwegian aid and ultimately to better development results? Can you provide evidence or examples of positive (or negative) results?

A11.4.1 Interview guide implementing partner organisations

The Evaluation of the Norwegian aid concentration policy is currently taking place. ADE together with Scanteam have been commissioned to undertake this assignment. As part of this strategic evaluation, a team of evaluators (Anneke Slob [Team Leader], Arne Disch, Adrien Lorenceau, Alexander O’Riordan and Stephanie Crasto) will conduct interviews with key stakeholders in the Norwegian aid administration (Ministry of Foreign Affairs including Embassies, Norad, Ministry of Climate and Energy)

Below are the interview questions that cover the main issues for analysis in line with the evaluation matrix. However, we do not necessarily intend to ask all questions to each interviewee. Depending on the position and nature of work of the respective interviewee, we will emphasize some questions more than others. Technical terms will be defined and explained during the interview if necessary. The interviews will take approximately 45-60 minutes.

Background of the interviewee

- 1.1 Present position
- 1.2 Relation to aid concentration in present position
- 1.3 Previous positions

1. Aid concentration policy elements

- Are you aware of the Norwegian policy efforts to achieve geographic, thematic and partner/agreement concentration?
- Do you think that these policy efforts for the various types of aid concentration are adequate? Are instructions to achieve aid concentration clear and does implementation take place?
- What is your perception on the adequacy and consistency of the Norwegian aid concentration policy and its implementation?

2. Effects of aid concentration in your organisation

- How is your organisation affected by aid concentration? Pls be as specific as possible
- Did your tasks or ways of working change as a result of aid concentration policy efforts? If yes, how? Pls specify for each type of aid concentration. Could you tell me about changes in time spent on various tasks (pls specify if you spend more or less time on specific tasks or if there are no changes):

A. Preparation of agreements: (Pre-)identification of partners (for consortia, in umbrella organisations, partners in the South), feasibility studies, preparation of programmes,

B. Negotiation and contracting: negotiation with the client Norad or MFA, contracting, etc.

C. Supervision and audits: controlling tasks during implementation (not including RBM or M&E)

D. RBM, policy dialogue and other tasks that are supposed to increase the value added

- Do you think that improvements in your management of agreements have taken place as a result of aid concentration? Pls be as specific as possible and provide examples?
- Are you aware of any other effects? Eg for the client or your partners? Do they benefit from aid concentration? If yes, how? If no, are there any negative effects? How do you check on possible adverse effects such as less innovative activities supported because of focus on bigger projects?
- How do you think that aid concentration will lead to more effective and efficient delivery of Norwegian aid and ultimately to better development results? Can you provide evidence or examples of positive (or negative) results?

A11.4.2 Topic guide validation workshop discussions

The Evaluation of the Norwegian aid concentration policy is currently taking place. ADE together with Scanteam have been commissioned to undertake this assignment. As part of this strategic evaluation, a team of evaluators (Anneke Slob [Team Leader], Arne Disch, Adrien Lorenceau, Alexander O'Riordan and Stephanie Crasto) will conduct interviews with key stakeholders in the Norwegian aid administration (Ministry of Foreign Affairs including Embassies, Norad, Ministry of Climate and Energy). The discussion will be facilitated by two evaluators: one will facilitate and the other will take notes. This also includes validation workshops. The validation workshops will be limited to one and a half hour.

After a short introduction in which each participant explains how his/her work relates to the three types of aid concentration, the discussion will be structured around specific topics that will be introduced by the facilitator(s). The maximum number of topics will be limited to four per validation workshops. The topics may also be presented as hypotheses.

For each specific validation workshop, depending on the participants, the precise topics are hypotheses will be formulated beforehand. The specific topics or hypotheses to be formulated will be structured on the basis of the evaluation matrix and the three main issues presented below.

Background of the participants

Present position

Relation to aid concentration in present position

Previous positions

Pls indicate if you are responsible for all three types of concentration?

1. Degree of concentration realised

2. Effects of aid concentration (intermediary and overall outcomes and impact)

Annex 12 – Aid effectiveness and better development results?

In this Annex some elements of an answer to the fourth evaluation question are presented:

Evaluation Question 4: To what extent is the concentration policy likely to improve the results of aid (with respect to both effectiveness and efficiency)?

It was agreed in the evaluation design that no specific indicators and data collection methods were defined in the evaluation matrix to answer this question, but the answer would depend on triangulation and validation of findings to the other questions. Therefore, the elements of the answer to this question is based on the overall theory of change and underlying assumptions, the findings on the effects of the three types of aid concentration presented in sections 3.3, 4.3 and 5.3 and some additional data collected and analysed from literature review, interviews and case studies. However, the data collection did not focus in detail on this evaluation question as the main focus was assessing the degree of aid concentration and whether intermediate outcomes i.e. changes in aid management practices were realised. Therefore, the scattered findings related to this evaluation question are presented in this annex rather than in the main text.

Interlinkages between the three types of aid concentration

First, it is important to analyse whether there are any interlinkages between the three types of aid concentration and the positive and negative effects they brought about, which can affect overall effectiveness and efficiency of Norwegian aid and contribute to better development results. In theory, based on the aid effectiveness literature, geographical and thematic concentration are intricately linked and should reduce aid proliferation and reduce transaction costs (see sections 3.3 and 4.3 for specifics of the theory of change). In practice, the findings on geographic and thematic aid concentration show that there has been a limited degree of aid concentration with so far some limited effects on aid management practices including aid management practices of NGOs. The evaluation was not able to analyse any changes in aid effectiveness and development results caused by geographic and thematic aid concentration efforts as no research at the level of specific interventions has been done. Interviewees suggested that no main positive (or negative) effects can be expected, also due to external factors. This is in line with some main findings from recent international research on geographic and thematic aid concentration including studies based on Theil indices:⁵⁴

- The fragmentation of bilateral donors' aid across many recipients tends to raise the transaction costs of both donors and recipients. This effect was found to be statistically significant and robust to a range of control variables and estimation methods.⁵⁵ In addition, it was found that aid fragmentation measured by the number of donors per sector in recipient countries increased by about 8.8% from 2005 to 2009 across all OECD-defined

⁵⁴ Bickenbach, F. et al. (2019), *Is Foreign Aid Concentrated Increasingly on Needy and Deserving Recipient Countries? An Analysis of Theil Indices, 1995-2015*, *World Development*, 115, 1-16. Fløgstad, C. and R.J. Hagen (2017), *Aid Dispersion: Measurement in Principle and Practice*, *World Development*, 97, 232-250.

⁵⁵ Anderson, E. (2011), *Aid fragmentation and donor transaction costs*, University of East Anglia, Working paper 31.

sectors. However, aid in some sectors was far more fragmented than in others, e.g. the sector 'Government and Civil Society' was most fragmented.

- Reduced empirical support was found for the negative effects of aid fragmentation, especially when measured by synthetic indicators of donor "market shares" in given sectors and countries. The authors argue that "The argument that ever-larger numbers of very small aid interventions will eventually create excessive administrative burdens for recipients, and/or tend to fail through donor agency overstretch, remains intuitively plausible. However, identifying specific threshold points, and the contexts in which they operate (conditional on local coordination arrangements and host country capacity, in particular) has proven prohibitively difficult".⁵⁶

For the third type of aid concentration, partner and agreement reduction, clear overall positive effects on the Norwegian aid administration have been found (see Section 5.3). These positive effects are also found in the two case studies on partner countries and the case study on health. This does not, however, mean necessarily that the three types of aid concentration have reinforced each other. Partner and agreement reduction has been consistently operationalised and implemented in all thematic priority areas and in partner countries, but the operationalisation was not specifically focused on the combined effects of the three types of aid concentration and no evidence was found in this direction.

Effects from the shift of bilateral aid to multilateral aid

One of the most important shifts in Norwegian aid is the shift from bilateral to multilateral aid, which is closely related to aid concentration, but started earlier with different objectives. However, when analysing aid concentration and its effects, the shift to multilateral aid cannot be ignored even though multilateral organisations are not explicitly considered in this evaluation. Literature points at strengths and weaknesses of the bilateral and multilateral channels. A holistic assessment suggests that the advantages of multilateral channels derive from their ability to collectively organise, pool and advance common global causes, while bilateral channels are conduits for donor control, visibility and preferences. In the 2018 Quality of Official Development Assistance (QuODA) ranking based on Global Partnership for Effective Development Co-operation (GPEDC, the successor of the aid effectiveness high-level meetings) shows wide variation when comparing relative performance of multilateral agencies including global funds to bilateral donors. Multilateral development funds based in regional development banks and global funds rank highest followed by bilateral donors and UN agencies fall in the bottom half. However, the indicators including the share of country programmable aid (CPA) for bilateral donors are contested and in the new data collection for 2020 indicators have changed. This shows that there is no international consensus how to measure the contribution of various types of donors to aid effectiveness and definitions and methodologies vary widely.

There is one recent interesting study that aims to analyse whether allocating aid via bilateral or multilateral channels might be more effective for achieving development goals.⁵⁷ This study is based on 45 papers that empirically tested the associations between bilateral and multilateral aid flows and various development outcomes including gross domestic product growth, governance indicators, human development indicators and levels of non-aid investment flows. Findings suggest that differences between countries and regions, time periods, aid objectives, and individual donor organizations all may influence

⁵⁶ McKee, C. et al (2020), Revisiting Aid Effectiveness: A New Framework and Set of Measures for Assessing Aid "Quality", Center for Global Development, Working Paper No. 524, p.49

⁵⁷ Pierre E. Biscaye et al, Relative Effectiveness of Bilateral and Multilateral Aid on Development Outcomes, Review of Development Economics, 21(4), 1425–1447, 2017

the effectiveness of aid delivered bilaterally and multilaterally. However, no consistent evidence was found that either bilateral or multilateral aid is more effective overall.

Cause-effect linkages between improved aid management practices and efficiency on the one hand and improved aid effectiveness and better development results on the other

According to the theory of change for this evaluation a reduction of the administrative work load due to aid concentration should free up time that could be used for other activities by the aid administration that would add value such as results-based management (RBM), while the administrative burden of implementing partners will not be increased. This in turn should then result in better development results.

According to interviewees, RBM does not directly increase effectiveness or leads to better development results, but it systematises, and documents results better. This may help to take better informed decisions on resource allocation and improve the steering towards results. According to the recent Norad RBM evaluation, the focus was too much on reporting, which does not necessarily improve results, while important aspects of RBM were not addressed. This evaluation concluded: “The RBM orientation currently being pursued by the aid administration towards reporting results, while contributing to greater transparency in the use of Norwegian development assistance and improving public understanding and possibly trust in aid, is likely to add little in terms of contributing to the delivery of better development outcomes by partners.”⁵⁸ This evaluation did also not find any evidence for the cause-effect relation that efficiency gains in the aid administration have led to improved effectiveness and better development results. The interviews for this RBM evaluation were done in 2017, and changes may have taken place, but this has not been assessed by the evaluation team.

There is no clear evidence that Norwegian aid concentration, in particular partner and agreement reduction, has led to a shift in transaction costs of implementing partners that may eventually negatively affect aid effectiveness and development results. On the contrary, some positive effects of aid concentration on Norwegian CSOs were found, which were also able to reduce their transaction costs to some extent. While in literature evidence of transaction costs being shifted to implementing partners is presented⁵⁹, this effect was not found in this evaluation for the Norwegian CSOs based on the qualitative research done (i.e. mainly interviews and validation workshop). However, the evidence on shifts in transaction costs due to aid concentration is not conclusive and could not be analysed in detail in this evaluation.

There are very few studies assessing the results of aid concentration policies and whether continued aid fragmentation affects aid effectiveness negatively, which is to be expected according to the aid effectiveness agenda. One recent study found that “So far limited evidence is found on detrimental effects of aid fragmentation: research indicates only few negative effects of aid fragmentation on outcomes such as growth, educational enrolment and bureaucratic quality, except in circumstances where recipient countries lack adequate administrative capacity. The specific context is key to whether aid fragmentation harms or benefits its recipients. Generally speaking, even for donors, competition is not necessarily

⁵⁸ Norad (2018), Evaluation of the Norwegian Aid Administration's Practice of Results-Based Management, p.58

⁵⁹ Bailey Sarah *et al.* (2015), Humanitarian cash transfers: cost, value for money and economic impact, Overseas Development Institute (ODI), p.1

undesirable.”⁶⁰ No studies could be found that provide conclusive evidence on positive effects of aid concentration on improved aid effectiveness and better development results. Even after more than 15 years of aid concentration efforts, it is apparently notoriously difficult to analyse this cause-effect linkage.

From 2015, the Global Partnership for Effective Development Cooperation (GPEDC) replaced the former aid effectiveness agenda. In this new development effectiveness agenda, aid concentration does not play an important role anymore. The GPEDC is also a less prominent and unique forum than the aid effectiveness high level fora from 2002 to 2012. With the changes in international thinking, there are now gradually more authors in favour of diversification or pluralism as beneficial to making aid more effective by creating a ‘market for aid’ and thereby more choices.⁶¹ On the other hand, there are still quite some authors who remain in favour of a continued focus on reducing aid fragmentation in order to improve aid effectiveness. This means that the context for aid concentration policies and efforts has changed considerably in recent years. At the height of the aid effectiveness agenda there was some consensus that (joint) geographic and thematic concentration could reduce fragmentation, decrease transaction costs, and increase partner country ownership, which would positively affect aid effectiveness. However, not all donors proactively aimed to reduce aid fragmentation in practice, and many different aid concentration policy efforts were developed that were not necessarily complementary to each other. The changed international context on aid concentration may also affect the effectiveness of Norway’s aid concentration policy efforts. Given the shift to multilateral aid, Norway focuses less directly on partner country ownership as one of the main issues of aid or development effectiveness. Norway added a rather unique third type of aid concentration focusing on partner and agreement reduction, which proved to affect positively the efficiency of the Norwegian aid administration. Nevertheless, this evaluation could not assess the effects of Norwegian aid concentration efforts on the effectiveness of Norwegian aid and better development. To do so in the future, improved RBM and linkages to specific aid concentration policy efforts as well as changes in the context need to be established to find evidence on the higher-level cause-effect linkages.

⁶⁰ Dreher Axel, Kai Gehring and Katharine Michaelowa (2018), *Aid fragmentation and aid effectiveness: the latest evidence*. <https://globaldev.blog/blog/aid-fragmentation-and-aid-effectiveness-latest-evidence>.

⁶¹ Klingebiel S. et al. (2016), *The Fragmentation of Aid - Concepts, Measurements and Implications for Development Cooperation*