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**Evaluation of
the Norwegian
Development
Policy Administration**



Evaluation of the Norwegian Development Policy Administration

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Table of Contents:

EXECUTIVE SUMMARY	II
1 INTRODUCTION AND PURPOSE	1
2 A NEW DEVELOPMENT POLICY CONTEXT	5
3 MAIN FINDINGS FROM THE EVALUATION	11
3.1 An organization directed at results at country level	11
3.2 An organization that facilitates strong strategic and policy-capacity and that cooperates strategically and coherently with key stakeholders	18
3.3 An organization with effective planning, resource allocation and performance management	25
3.4 A flexible knowledge-based organization with adequate human resource management	29
3.5 A lean and streamlined organizational structure	32
4 TOWARDS INTEGRATION	43
5 A DISCUSSION OF THE MODELS TOWARDS INTEGRATION	55
ANNEX 1: Key figures on Norwegian Development Cooperation	61
ANNEX 2: Organization charts for MFA and NORAD	63
ANNEX 3: The Enhanced MFA approach	65
ANNEX 4: Organizational change in Ireland	67
ANNEX 5: Organizational change in New Zealand	69
ANNEX 6: Terms of Reference	71
ANNEX 7: Evaluation team	77
ANNEX 8: Institutions and persons consulted	79
ANNEX 9: Acronyms	85
ANNEX 10: Bibliography	87

Executive Summary

Abstract

Norwegian development cooperation is highly regarded internationally – for its generosity, flexibility, responsiveness and co-operation with stakeholders, and for significant contributions in multilateral arenas and in complex humanitarian crises. However, the organization and management of development policy in Norway are also fraught with difficulties and weaknesses. Overlap, fragmentation, waste of resources and a lack of overall strategic touch inhibit full realization of Norway's role in support of global poverty reduction. The challenges to Norwegian development performance are further exacerbated by changes in the international development policy context: enhanced ownership by developing country governments, coordination and coherence with other policy areas, transfer from project to program- and broader policy-based approaches to development co-operation, and a general process of integration between development cooperation and politics/foreign policy.

Having assessed these changes and Norwegian development administration performance against a range of best practice benchmarks, the ECON/Universalia international evaluation team arrives at a number of key recommendations for change. These are based on realism, implementability, and the effort to provide more meaningful and interesting assignments for staff in the existing organization. A main recommendation is integration between the Ministry of Foreign Affairs (MFA) and NORAD brought together in a unified international development administration within the framework of the MFA, building on best practices within both organizations. Streamlining the current organizational structure of MFA, decentralization of key tasks to embassies and simplification of work processes are necessary prerequisites to make such a reform work.

Changes and new demands on development administrations

The context of and approach to international development cooperation is changing. Strong poverty focus, enhanced voice to recipient countries, tighter coordination between development partners and improved results orientation are main features of this agenda. The Norwegian Government has embraced these principles through the 2002 Poverty action plan. In parallel domestic administrative requirements for effectiveness, clarity, and decentralization have been emphasized through the Government's modernization project. The main purpose of the present evaluation is to adapt the Norwegian development administration to the new challenges and opportunities put forward by the external international development context, and the internal administrative reforms.

Evaluation of the current administration

One strength of the Norwegian development organization is its flexibility and ability to respond rapidly to new challenges as well as opportunities – while at the same time keeping a long-term perspective in support of poverty reduction and development. NORAD has undergone significant changes over the last decade and shown clear motivation and willingness to adapt to new development agendas. Significant reforms are needed, however, to solidify Norway as a strategic, competent and future-oriented development partner at country level and in global forums. Challenges to this effect include:

- *Decentralization and country focus* - More decision-making powers should be transferred from Oslo. Higher priority must be given to ensure the macroeconomic and country-specific expertise needed to participate in and contribute to demanding policy initiatives and processes. This has implications for recruitment and skills-mix at embassy level. A streamlined Oslo-based decision-making machinery should be bent on serving embassy needs close to the development action, and in so doing ensuring a short distance from embassies to top management and political leadership in Oslo.
- *Strategic orientation* - A key question is what it takes for the Norwegian development administration to become more strategic. The administration has demonstrated strong strategic abilities on specific issues. But focus has to be sharpened on the capacity to be strategic in a more generic sense. Being strategic in today's dynamic development discourse requires the ability to set clear priorities and make them flow effectively throughout the organization – in Oslo, globally and at country level. This implies a more coherent approach to the different aid channels, not least in ensuring effective communication between embassies, Oslo and policy-making forums in multilateral organizations. And it requires critical mass in terms of core competencies that can match Norwegian ambitions to make a difference – globally as well as locally in developing countries.
- *Results-orientation* - When it comes to results-orientation we generally lack a clearer emphasis on results targets at the output level; more attention to linkage between Norwegian contributions and national development progress; and a presentation of resource allocation tables that correspond to country results targets. There still seems to be more focus on the ability to spend the resources correctly than to achieve development impact (“do things right rather than doing the right things”), even if significant efforts are now underway to align Norwegian policies with international best practices.
- *Knowledge management* – Modern development cooperation is a knowledge-intensive brand. Still, knowledge generation and management are key challenges in hierarchic systems bent at moving policies and money through different bureaucratic layers towards implementation. The evaluation teams have found the present division between the MFA and NORAD to complicate efforts to make knowledge available throughout the administration. Moreover, changes in international development policies imply more attention to macro-economic expertise, politico-economic knowledge of country situations and developments, governance of international/multilateral institutions and expertise within key priority areas such as health, education, governance and peace processes. The system is

already bracing up to take on these new dimensions, but there are still gaps and problems to be addressed – in recruitment as well as in knowledge management terms.

- *Overlaps and fragmentation* - The relationships between the Ministry, NORAD and the embassies are characterized by significant overlaps in a number of key functions, and ambiguity and fragmentation in the terms of who is responsible for what. Important overlaps and areas of ambiguity and fragmentation include i) administration, in particular of embassies, ii) management functions in regional departments of MFA and NORAD, iii) knowledge and policy functions, iv) information responsibilities and v) handling cross-sectoral issues such as the environment. Problems in these regards are particularly salient as seen from the embassy point of view. Recent initiatives have been taken to improve working procedures, but the assessment of the evaluation team is that this will not lead to significant progress unless more fundamental approaches to streamlining are adopted.

Recommendations

The overarching purpose of the study and the recommendations is to enhance the effectiveness and impact of the Norwegian development administration. Our recommendations are guided by three imperatives: i) realism, ii) implementability, and iii) providing more meaningful and interesting assignments for staff.

We are advocating a clear, ambitious and visible process of change towards a more unified and integrated administration. This would include simplification of working processes by fewer levels of clarification and fewer hierarchical levels in the organization, including at the top level. A reduction in the number of departments at the MFA should facilitate the creation of a senior management group able to play the role as administrative anchors in the delegation of political priorities and signals and able to sort out overarching coordination issues.

We have identified two broad organizational alternatives that may lead towards this goal:

The first option (Model A: The Enhanced Directorate) suggests a more significant delegation of authorities from the MFA to NORAD with the aim of grouping a coherent amount of responsibilities within the directorate in a way that allows NORAD to play a more complete role as the implementing agency of Norwegian development cooperation. Compared to other models this approach would come close to the present set-up in Sweden and Canada.

The second option (Model B: The Enhanced Ministry) suggests a process of integration between the MFA and NORAD, bringing together a unified international development administration within the framework of the MFA. Such a model would resemble the current Dutch and Danish system, with inspirations from UK's DFID.

A third option could consist of suggesting certain modifications to the present organization while retaining the main parts of the current model. We have decided not to pursue this option. Our analysis has pointed to a number of significant weaknesses in today's separation between the MFA and NORAD. Interviews with staff throughout the administration have revealed a broad awareness of these

weaknesses. These could, theoretically, be approached one at a time. This has, however, been the case over the last years. Whereas certain working processes have been improved, the overall picture of duplication and fragmented focus persists.

Main approach

Careful scrutiny of the two main options has led the evaluation team to advocate adopting the second option – full integration of development activities within a reformed and streamlined Ministry of Foreign Affairs. The following are, briefly summarized, main reasons for arriving at this recommendation:

- The boundaries between development cooperation and foreign policy are getting increasingly blurred. Any main responsibility for managing development cooperation will be highly politically charged. This implies continued strong MFA involvement despite efforts to move towards model A, and accordingly big problems in getting rid of the serious cracks in the present relationship between MFA and NORAD.
- For the same reasons, with alternative A, embassies will still have to serve two masters in Oslo. MFA will in any case have to retain regional desks covering developing country regions, in addition to strengthened regional departments in NORAD. Significant competencies will have to be kept and nurtured in MFA to ensure solid performance in (development-oriented) multilateral forums. With enhanced delegation from Oslo to country level there will increasingly be *three* major development players at work – embassies, NORAD and MFA – and that is one too many.
- The streamlined communication called for in our analysis between country level, Oslo and key multilateral arenas stands a far better chance of succeeding with an integrated MFA solution than with continued interplay between two Oslo-based institutions with at least partly competing multilateral mandates.
- For a small country with considerable development funds and high policy ambitions, nurturing a critical mass of modern development competencies has to be a key priority. However alternative A is structured, it fails to match alternative B in terms of the potential that this provides for creating a unified resource of foreign policy & development knowledge matched to key Norwegian development priorities.
- The practice of Norwegian foreign, development and humanitarian policy has for long been embedded in a tight link between policy formulation and flexible availability of funding to sustain high priority political action. We believe that this link would be weakened in model A in a way that would limit effective management and implementation of Norwegian policies.

1 Introduction and purpose

In this report we present the main findings from the evaluation of the Norwegian development administration. On the basis of the evaluation and in light of the development policy context outlined in the Poverty Action Plan¹, and the public administration requirements accentuated by the Government's modernization project², we also give recommendations on how the administration can be improved.

As a starting point it is important to emphasize that Norwegian development cooperation is highly regarded internationally, as illustrated by the high scores it gets in international comparative analysis, such as by the latest OECD DAC review from 1999³ and the World Bank report in 2001⁴ assessing Norwegian aid according to its effectiveness in reducing poverty. This has also been confirmed by our interviews and visits with development partners.

Another important starting point is our finding of a high level of dedication and commitment to the objectives of development policy among staff throughout the administration. Noteworthy is also the broad political consensus, although not immune to possible shifts in public sentiment, on the goals and ambitions of the Norwegian development policy as stated by the OECD.

This implies that the administration would be approaching the changes recommended in this report from a position of strength and respect.

The project is not an evaluation or an assessment of the Norwegian development policy per se. It is primarily about administrative issues related to planning and implementing this policy. We have not spent the limited number of pages made available to us to highlight the many strengths of the current system. We have, for the purpose of improving the development administration, focused on vulnerabilities of the current system. But we wish to underscore at the outset the need to keep and further develop the well-functioning elements of the administration.

¹ *Fighting Poverty. The Norwegian Government's Action Plan for Combating Poverty in the South towards 2015.* Ministry of Foreign Affairs, March 2002.

² The modernization project was presented in a Statement to the Parliament, January 24, 2002: *"Modernizing the public sector in Norway – making it more efficient and user-oriented"*

³ DAC review of Norway 1999

⁴ World Bank (2001): *An Assessment of the effects of Norwegian Development Assistance on poverty reduction and conflict prevention.*

According to the mandate⁵, the main purpose of the evaluation is to facilitate:

- *Modernization* of the administration of development cooperation, so that the organizational framework and administrative routines are adapted to development cooperation policy objectives, particularly those set out in the action plan for combating poverty;
- *Improved effectiveness*, by adapting it in accordance with the standards of results-based management and performance monitoring, so that fewer resources are used on a hierarchical administrative system and more resources used on the poor at country level; and
- *Simplification and decentralization*, by assessing whether it is necessary or desirable to maintain all the current levels and structures and to what extent greater responsibility and more tasks should be delegated to foreign service missions.

The purpose of the exercise is thus to adapt the administration to the new challenges and opportunities in the changing development- and public sector management context.

Changes are also needed to reap further benefits of what is considered a specific quality of the Norwegian development administration – the flexibility and readiness to respond quickly to changing needs. We believe that a process of change should be able to demonstrate visible opportunities in terms of overall achievements of Norwegian development cooperation as well as a more attractive working environment for staff in Oslo and at country level.

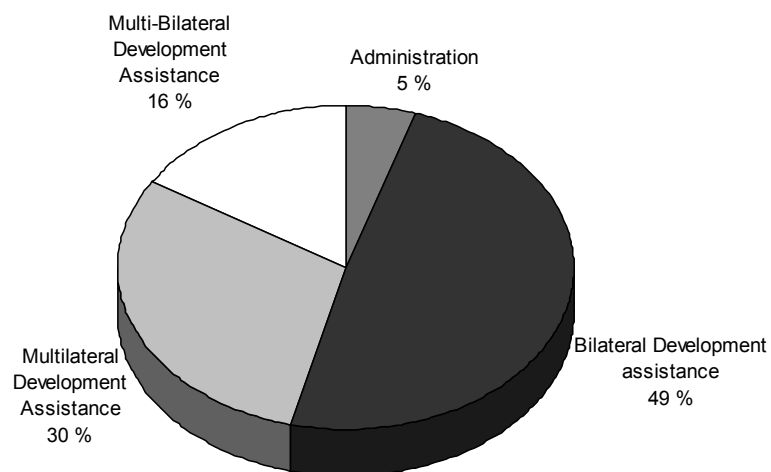
This study is undertaken on the basis of the current division of labor between the Minister of Foreign Affairs and the Minister for International Development. Although the main subject of analysis falls within the domain of the latter, important areas also relate to the Minister of Foreign Affairs. Our ambition has been to end up with recommendations that will enhance the possibility of both ministers to maximize the impact of their mandates.

The report is divided into five chapters. Chapter 2 discusses the changing development policy context in light of the Poverty action plan and the government's modernization project. Chapter 3 presents the main findings from the evaluation of the current administration. Chapter 4 presents two alternative approaches to address the findings in chapter 3, whereas chapter 5 provides a discussion of these two alternatives and our recommendations for change.

The chart below shows how the Norwegian development budget in 2001 was divided by development channels. In Annex 1 we show how these figures compare with figures from a range of other OECD countries.

⁵ Mandate issued by MFA with the tender invitation, June 2002, attached in Annex 6

Figure 1.1 Norwegian development cooperation in 2001 – by development channels
Total: NOK 12,3 billion – Bilateral assistance: 49 percent (including NGOs), Multilateral assistance: 46 percent (including multi/bi), Admin: 5 percent



Source: MFA budget proposal 2003

2 A new development policy context

Traditional management theory assumes that organizations exist to serve a purpose (or multiple purposes).⁶ Furthermore, the assumption is that a clear understanding of purpose leads to close management focus, effective resource allocations and clear strategic decisions. Consequently, the first task in an assessment of an organization (or administration as we call it here) is to understand this purpose.

The current development administration consists of three main elements; the Ministry of Foreign Affairs, NORAD and embassies.⁷ The international context for development is changing – as outlined in the Poverty action plan. This means a closer focus on poverty alleviation, the recipient country context, coordination and coherence. The domestic demands on the administration are growing – as stated in the government’s modernization project. This includes requests for greater effectiveness, stronger results orientation and enhanced clarity of roles and responsibilities. In this chapter we will present some of the features of the two main policy documents underpinning our mandate, and discuss their implications.

The poverty action plan

The Poverty Action Plan is the Norwegian Government’s response to the Millennium Development Goals (MDGs) – the eight goals for development and poverty reduction that the global development community is committed to. The Government sees the plan as “*a broad-based guide to development policy*”, reflecting the fight against poverty as the overall objective of the development policy. The complexity and comprehensiveness of achieving this objective is demonstrated by the scope of issues addressed by the plan.

It is outside the mandate of this review to assess the plan itself. Nevertheless, we consider it a strength that the plan emphasizes key strategic principles. The other side of the coin is that, with a high level of abstraction the plan does not give clear directions with regard to priorities, nor organizational apparatus.

The strategic principles of the plan imply changes in the way donors operate. Sector wide approaches and close links with national poverty strategies⁸ require

⁶ A classic in this respect is A. Etzioni (1964) *Modern Organizations*.

⁷ The term “embassies” refers here to relevant embassies, permanent missions and delegation.

⁸ Poverty Reduction Strategy Papers (PRSPs) and similar national strategies.

longer time horizons and more stability of commitments than the traditional project-by-project approach. It also implies that more than before, donors are becoming players in a complex decision-making arena locally – where the various forces that determine a nation's political, socio-cultural and economic dynamics meet and shape the future. Ownership and partnership as guiding principles of development cooperation means building on cooperation approaches that are led by recipient country authorities, based on homegrown development policies and rooted in national systems and procedures.

A consequence of this approach is a broadening canvas of interaction with local agencies, not only to fund their activities, but establish ongoing dialogue among multiple partners about results and sustainability. It also implies a comprehensive and coherent implementation strategy that takes account of political, economic and cultural factors that affect institutional performance. Another consequence is the need for strategic partnerships with different actors – at both the national and the international level, including multilateral organizations.

This analysis of the changing development context is shared among Norway's closest partners and in the multilateral organizations. At the United Nations senior officials point to the profound changes that have taken place over recent years. There is broad consensus on the goals, the methods and the instruments. A focal point of attention is the Millennium Development Goals and the process to reach them, an objective now also shared by the World Bank and the IMF.

An overall implication of this thinking is the need to redefine the main functions and tasks of the development organization. Focus shifts from planning and implementing individual projects to participating in and contributing to policy development, and joint donor support to policy implementation owned by recipient governments. This has consequences for skills-mix, management, coordination and organizational structure of any given donor administration.

The Government's modernization project

The modernization project is in many ways a follow-up of renewal efforts from previous governments and in line with the international “new public management”⁹ philosophy. Increased delegation and decentralization and extended room for private service providers are seen as means for a more efficient public administration. In addition, it entails a less complex public sector with clearer distinction between administration, financing and the providing of services, and strengthened public supervisory authorities. The Government's intention is also to increase individual freedom of choice and to reduce the differences in employment terms between the public and the private sectors.

Clearer roles for the Ministries have been a part of the modernization efforts so far. Some ministries (Ministry of Justice, Ministry of Health, Ministry of Social Affairs) have moved responsibilities and personnel *from* the ministry level to subordinate agencies (directorates), while others are doing the reverse (Ministry of Labor and Government Administration and Ministry of Defense) and moving

⁹ A term used to describe distinctive new themes, styles, and patterns of public service management – common elements of liberal reforms in OECD countries (results-focus, citizens rights, marked orientation etc.).

responsibilities and personnel *into* the ministry. The common denominator of these apparently divergent solutions is the desire to simplify responsibilities and reduce overlap of functional roles. Clear-cut operational tasks are moved to subordinate agencies, while tasks where there has been confusion about responsibilities and with political connotations have been moved into the ministry. Another objective is to decentralize service delivery as closely as feasible to the consumer of public utilities.

Implications

As we have seen above the two government documents underpinning our mandate demonstrate changing demands and requirements both domestically – within the administration, and externally – in relationship with other national and international actors. Some of the implications are:

A stronger country perspective and a broadening of the embassy role

The fight against poverty is the overarching aim of the Norwegian development policy. One of the most obvious implications is a clear country focus and close linkages with national poverty strategies. An apparent consequence is a stronger and broader role for the embassies operating at country level and in charge of direct interaction with national and local authorities. These embassies are now called *integrated embassies* as they are staffed by personnel from the MFA and NORAD under the direction of an Ambassador who is formally under the auspices of the Minister for Foreign Affairs.

It is worth underlining that the nature of this interaction has radically changed. Today the work of integrated embassies is of a highly political nature, often involving intimate interaction with government officials. (As one ambassador having served in Europe before said: “*I have never before in my career been engaged in work of such a political nature.*”)

The initial intention with integrated embassies was to integrate the political dimension (the traditional embassy) and the technical implementation dimension (the NORAD country office).¹⁰

The new development approach implies a next step in integration of development-focused embassies. In future, the main responsibility for both formulating (and linking the Norwegian efforts with the national priorities) and implementing development cooperation has to rest at the embassy level. The eyes and ears of the embassy are closest to the country reality and best placed to seize new opportunities and support long term engagements. This implies a shift in focus and accountability from headquarters (NORAD and MFA in Oslo) to embassies. In addition to normative work, a critical role of the Oslo-based administration is to assist, serve and advise the embassies and ensure that bilateral cooperation is consistent with broader regional approaches. These processes of change challenge existing competencies and skills mix in Oslo as well as at the embassy level.

¹⁰ The dominant impression from our interviews is that this integration has worked well.

Coherence across aid channels and stakeholders

Norway aid funds are channeled through and implemented by various agents, of which the most important are; MFA, NORAD, NGOs and multilateral organizations. The new development context requires the ability to convey the same messages throughout the entire organization, at all levels, and through all aid channels and in relations with all other actors. Performing to a high level of expectation also requires a clear and transparent strategic orientation around a manageable number of priorities.

Stronger results-orientation

A stronger results-orientation brings an emphasis on effectiveness at the level of on-the-ground development. It builds on clarity of goals and objectives; systems aiming to provide measures of performance and results; a learning culture; clear accountabilities; and links between results, planning and resource allocation. Results-orientation also implies great flexibility in the use of development instruments and tools. The new approach to results-orientation (often referred to as “Result-based management” (RBM) involves tracking inputs (resources, strategies), activities (what actually took place) and outputs (the products or services produced), but also information on how effective the program is and analysis of possible outcomes. The intent is to incorporate lessons learned into decision-making and revision of programs and interventions.

Experiences from a number of organizations indicate that certain requirements need to be in place in order to establish a useful RBM framework.¹¹ *Firstly* it requires a strong commitment by senior management. *Secondly*, it requires a clear vision that this is more than a reporting tool, that it is a change process to improve the organization’s performance in terms of aid effectiveness. *Thirdly*, it requires a comprehensive strategy to guide the design and implementation of the framework. *Fourthly*, the approach should be kept as simple and as user-friendly as possible. *Fifthly*, moving from accountability for outputs to accountability for outcomes can have serious implications for the ownership of the framework, and also runs the risk of introducing some distortions in behavior. To avoid possible distortions, the various incentive systems should be revised in order to give proper weight to results, taking into account the need to align staff incentives with corporate priorities. *Sixthly*, the use of the information generated has a direct impact on the effectiveness of the system. To facilitate this process, result information should be integrated into the management decision-making processes, including elements such as supervision, portfolio review and completion reporting.

High-quality knowledge management

Knowledge management implies the ability to both use existing knowledge and to generate new knowledge at all levels. It involves seeing an organization as organic nodes of people who have knowledge to be used to solve key organizational issues rather than seeing organizations as stove pipe authority systems. It also involves building and utilizing knowledge generating systems such as net-

¹¹ A recent report on this is the *RBM Study Tour Report* (2002) by Universal Management Group and Baastel (commissioned by AfDB). Other references include: A. Binnendijk (2000) *Results Based Management in the development co-operation agencies: A review of experiences*, and J. Mayne (2000) *Implementing RBM – lessons from the literature*.

works, and communities of practice, and creating ways to share knowledge—both through technological systems (web/IT) and people based systems. This entails the development of a culture of learning at all levels and openness to “new or alternative ways of knowing”.

Several of the comparable development organizations put major emphasis on improving their knowledge management capacity. Of particular interest is the reform currently being undertaken by DFID aimed at making first class technical knowledge available throughout the development organization.

3 Main findings from the evaluation

The evaluation data includes *document analysis* (of a large number of policy documents, reports, articles and internal memos¹²), *interviews* (with more than 200 representatives of the Norwegian development administration home and abroad, administration in other countries, international organizations, private sector, and NGOs¹³), *study tours* (Lusaka, Harare, Maputo, Pretoria, Colombo, Stockholm, Copenhagen, den Haag, London, Ottawa, Geneva, New York, Paris and Washington), *consultation meetings* (with development experts, NGOs, the OECD-DAC secretariat, and labor union representatives), and a *staff survey* (with all staff in the Norwegian development administration).¹⁴

The findings are structured along five benchmarks. These benchmarks have also been used when analyzing and comparing relevant features of other OECD countries' aid administrations. Consequently this chapter has the following sub-headings:

- An organization directed at results at country level (3.1)
- An organization that facilitates strong strategic-and policy-capacity and that cooperates strategically and coherently with key stakeholders (3.2)
- An organization with effective planning, resource allocation and performance management (3.3)
- A flexible knowledge-based organization with adequate human resource management (3.4)
- A lean and streamlined organizational structure (3.5).

3.1 An organization directed at results at country level

A key implication of the development policy changes described in chapter 2 is the case for a closer country focus and perspective. In order to be a meaningful part-

¹² See list of documents in Annex 10.

¹³ See the list of interviewees in Annex 8.

¹⁴ The survey was sent to all staff. Response rate approximately 75% (703 persons of which 403 currently work in the development administration).

ner to the government and other aid agencies, Norwegian embassies must be empowered to become real strategic players, be equipped with staff having relevant competence and be served by a flexible and streamlined decision-making machinery in Oslo. This is already considered an established political priority in Norway, and the universality of the trend was confirmed in meetings with like-minded aid organizations in capitals and at country level.

Our overall impression is that Norway is heading in the right direction and that there is broad consensus on the need to move towards decentralization. Yet, as expressed consistently by embassy staff, the approach to decentralization is not systematic and it lacks a clear articulation, a clear timetable and a clear analysis of what it will take from the Oslo based organization to carry out this reform.

Reform is needed to solidify Norway as a strategic, competent and flexible development partner at the country level. More decision-making powers must be transferred from Oslo. High priority must be given to ensure the generic and country-specific expertise needed to participate in and contribute to demanding policy initiatives and processes. Embassies must in turn, be served by a streamlined decision-making machinery that brings embassy staff closer to – and not further away from – top management and political leadership in Oslo.

Box 3.1 Some generic challenges calling for targeted country focus

For developing countries, the variety of donor priorities and regulations lead to a formidable burden of administrative transactions cost. When accompanied by parallel institutional “enclaves” that cater to the planning, monitoring and evaluation timetables and requirements of the respective donors, aid projects divert attention and drain scarce manpower resources away from the core structures, functions and decision-making realities of government. Individual donor assistance can thereby end up *undermining* rather than promoting the incipient and indigenous capacities of the recipient countries. In order to be effective, the management of assistance needs to be made *part and parcel* of the recipient countries’ own processes and practices of national development planning, resource allocation, financial management and procurement, operational liaison and decision-making. Developing countries are currently overwhelmed by the data collection and reporting efforts that follow from their engagement with the multilateral and bilateral development community. International agreements, together with individual agency programs and projects, entail compilation of a very large volume of data, which come on top of those required for the developing countries’ own government systems.

Decentralization and delegation

The process of decentralization and further delegation of responsibilities to embassies follows tracks that are specific to each country’s characteristics and history, yet the direction is clear. In today’s setting donors are advised to give their representation at country level greater leeway in determining the strategic opportunities to pursue in each country. Within a broader framework of strategic objectives embassies are given the larger scope for determining resource allocation and areas of support based upon available opportunities. This is necessary also in order to align Norwegian policies with those of country-based aid co-ordination mechanisms. Further delegation is a necessary, although not a sufficient condition to enhance development impact.

But as will be repeated throughout this study, delegation to embassies must be accompanied by a clearer division of labor in the Oslo-based parts of the organiza-

tion. According to the ambassadors we have interviewed, even with today's delegation embassies are frequently hampered by the duplication and fragmentation in Oslo and between the MFA and NORAD.

The Netherlands has been a pioneer in terms of significant delegation, and has largely succeeded in attracting competent personnel to key country missions. UK's DFID is not far behind. Sweden¹⁵ and Denmark are currently in the process of quite radical decentralization, although budget constraints threaten to challenge the pace of reform at least in Denmark. The basics of these efforts is to give the embassy a clear role in formulating strategies, and in implementing the annual activity plan once it is approved at the political level. At the same time systems for quality assurance and reporting are being established¹⁶.

Norway already embarked on a decentralization process in the early 1990s, and is definitely part of the international discourse on how to empower embassies at country level. We have yet to launch a coherent and well-anchored decentralization strategy of similar proportions, although the policy direction is clear. The ambassador is the currently delegated decision authority for allocations less than NOK 15 million, within the framework set by the development cooperation MOU¹⁷ and the annual activity plan.¹⁸ Further work in this direction is ongoing.

Most observers consulted by our team call for bolder decisions to move towards decentralization. Among staff there is a broad agreement on the principles of delegation.¹⁹ Among ambassadors there is also a widely shared view that the current procedures require too many consultations with Oslo on both administrative and policy issues, and that too little responsibility is given to the ambassador. Some advocate for significant further delegation to country level.

One view expressed in the staff survey is the risk for embassies of becoming “*too independent, and perhaps going native – delegating to embassies requires that mechanisms are put in place to ensure that staff is loyal to commitments made at HQ.*” Another view is to “tailor” the level of authority to the circumstances. An apparent concern in highly empowered missions like those of the Netherlands is that delegation leads to thinning of competence at country desk level in The Hague. Regional and country desks here are considered relatively weak, partly because of delegation but also because of many “competing” thematically oriented MFA departments with development policy responsibilities.

Our assessment is that delegation is not primarily about the volume of funds under embassy management, but more about the policy- and strategic powers under embassy control and the streamlined communication process that this calls for between the embassies and Oslo. The principle should be to empower the

¹⁵ The decentralization effort (the “Field vision”) is currently in a pilot phase.

¹⁶ The Dutch reporting system “Pyramid” is in the process of being implemented.

¹⁷ Memorandum of Understanding (MOU) between Norway and the specific country.

¹⁸ Called “virksomhetsplan” – a planning instrument required and regulated by the Government’s Financial Management Regulations.

¹⁹ The response on the staff survey shows that 67% of the current staff in the development administration agree with the statement; “*As many decisions as possible about cooperation with a developing country should be taken at the embassy/delegation level.*”

embassy to take full responsibility both for developing, revising and implementing the Norwegian strategy at the country level. It goes without saying that this should be done within the regulatory financial frameworks, and with full reporting to the headquarters. The basis for this should be mutual trust and adequate support and quality assurance mechanisms.

A present constraint in terms of analyzing delegation and embassy empowerment is the lack of systematic data on delegation indicators, volumes and policies across OECD countries. This is an important knowledge gap, not least because delegation in many ways is expensive – positions in embassies may cost 2-3 times more than in Oslo. Hence, a robust case will have to be made for moving more of the action to field level. Moreover, as delegation has to be carefully targeted to country level circumstances, each donor would benefit significantly from information on policies and priorities of other players in this regard. Our team has discussed these issues with the OECD/DAC secretariat, who confirms that no comparative overview currently exists but that they now (March 2003) will address it as a high priority issue.

Personnel situation and skills-mix

In the process of empowering embassies, a close look at the existing skills mix is called for. The changing policy context described in chapter 2 implies more attention to macro-economic expertise, deeper politico-economic country knowledge and the ability to present Norwegian policy and discuss other countries' positions in demanding country-level co-ordination forums. Fundamentally it is also a question of respect for our main co-operating partners. Where Norway is significantly engaged as a donor we should offer high caliber support and advice. A given embassy's skills mix should also reflect the comparative sector niches that Norway gives priority to, even if good communication with Oslo and close co-ordination with other stakeholders will often modify the need to import specialist knowledge from the home front.

Performance on this benchmark not only depends on individual competencies but the overall functioning of embassies. Our general impression is that the integration of foreign policy and development staff dating back to the early 1990s functions well and has indeed been a success. There are no major cultural differences; the mixed NORAD versus MFA backgrounds is rather a resource in terms of diversity than a barrier to communication and unity of purpose. As expressed by one embassy staff: *"Whereas the divisions between NORAD and the MFA are many in Oslo, it all falls into place at country level."*

Recruitment and skills-mix at embassies and delegations is a challenge, however, and is likely to continue to be so given increased emphasis on key competencies needed at embassy level. Some embassies – especially in Africa – seem to be less attractive than others, with fewer applicants to managerial positions. Important posts at Norway's embassies in development countries are often vacant for longer periods.²⁰

²⁰ In a report in September 2002, a MFA/NORAD working group recommended several measures to improve recruitment to the integrated embassies.

Some of the recruitment to Delegations to the UN seems to lack a clear plan for how to provide the delegation with the necessary mix of skills and experiences. In some of the multilateral organizations they consider staff in the delegations to have primarily logistical functions and not any substantive responsibilities. At the same time considerable influence may be exercised through well-connected staff at the delegations to the UN as well as the Constituency Offices to the International Financial Institutions. There may be an argument for more conscious recruitment to some of these positions, of course conditioned on an overall and institution-specific judgment regarding skills distribution between Oslo and foreign missions.

Efforts are already underway to attract the skills highlighted by the new development context to Norwegian embassies. In particular an effort has been made to recruit more macro-economists, especially to the integrated embassies administered by NORAD. It is yet too early to assess the effect of this on the embassies' potential to engage in complex national budget and financial management issues. Any overall Action Plan for decentralization to embassies – which our team strongly recommends be set up – should have personnel, recruitment and skills-mix issues as central elements.

Another challenge is to get the right mix between expatriate staff coming from Norway and local staff. All the embassies we visited have professional local staff. The general impression was satisfaction with the work done by this staff. In one African country we came across a discussion about the desirability of short term or permanent contracts with local staff. An argument against permanent contract was the need for flexibility in adjusting the skills-mix according to the strategy and to avoid the danger of irrelevant staff of staying because of lack of alternative employment. The embassy voicing this concern preferred 3-4 year contracts with local staff. An opposite argument was the need for long-term development of staff – also into the Norwegian policy context.

On the other hand the new nature of policy dialogue with the authorities in partner countries raises new challenges for the use of local staff. Ambassadors have stressed to us that the sensitivity of many of these policy issues limits the use of local staff.

Streamlined communication with headquarters

Delegating authority to embassies is not synonymous to creating greater distance. Delegation to and empowerment of embassies increases rather than decreases the need for high quality and relevant support from Oslo, and for effective communication patterns. Many embassies are critical of what they perceive as excessive overlap and fragmentation at headquarters. Although embassies report on useful interchange with Oslo, in most cases with NORAD, it was noticeable from our interviews that many embassy staff feel that the regional desks/departments at the MFA and at NORAD do not add any real value, and that they frequently represent bureaucratic layers, increasing the distance between embassies and key policy-makers in Oslo.

The technical department in NORAD is, however, held in high esteem at several of the embassies we visited. But there is a feeling both at embassies and in the

NORAD's technical department of having too limited a capacity to be sufficiently flexible and responsive to particular country needs.

Recent reforms at NORAD seem to have increased the accessibility by embassies. The standing rule of always responding to embassy enquiries by the end of the same day reflects a real effort to serve the needs of embassies.

Many embassy staff say that the response from the MFA to their queries is of a more variable nature. This highlights the scope for fragmentation in the current system. We have heard examples of reports being filed back to Oslo to both NORAD and MFA due to uncertainty about where the matter belongs. In some cases no response comes in return because both instances believe that the matter is dealt with by the other.

The changes in the development policy context have sharpened the vulnerability of today's division of labor between the three main layers of the Norwegian development organization. The management of the PRSP processes as well as the implementation of budget support at country level has revealed a number of examples of confusion on who is doing what in Oslo – NORAD or the MFA.

Implicit in the process of budget support lies the need for a much greater focus on the political dialogue among donors and with recipient governments. The transfer of financial resources is to be accompanied by the implementation of new monitoring procedures and not least a more sophisticated system for risk assessment and control. The traditional division between a policy focus by the MFA and an implementation focus by NORAD becomes much less clear in these cases.

New policy directions increase the need for effective communication between headquarters and field office. In one case we found that Oslo had expressed satisfaction with the monitoring mechanisms of budget support to a specific country, whereas experts of like-minded countries had found that these mechanisms were weak and in need of strengthening. This shows the high demands of the system with respect to streamlining information flows between embassies and decision-makers in Oslo, and also underlines the salience of mechanisms for quality control.²¹

Harmonization

Harmonization of donor policies is an important condition for enhancing development impact. Such harmonization is important both at HQ and at country level.

At country level like-minded countries are increasing and deepening their collaboration. Gradually donors agree to see their efforts as much more closely connected. One of the examples of this is the like-minded countries' effort in Zambia to enhance aid effectiveness and efficiency by increasing donor co-ordination and harmonizing procedures through the "*Harmonization in Practice*"-initiative.²² NORAD played a constructive role in devising this cooperation and

²¹ See chapter 3.5 for a more detailed look examination of overlap and ambiguity in the relationship between MFA and NORAD and the implications thereof for embassies.

²² The group include: DFID, Ireland Aid, Sida, NORAD, Danida, FINNIDA and DGIS (Netherlands). The initiative is done in close cooperation with the Government of the Republic of Zambia.

this initiative is in line with the 2003 Rome declaration on harmonization (see box).

*Box 3.1 OECD Rome Declaration on Harmonization 25 February 2003
(excerpt)*

We in the donor community have been concerned with the growing evidence that...the totality and wide variety of donor requirements and processes for preparing, delivering and monitoring development cooperation are generating unproductive transaction costs for, and drawing from the limited capacity of partner countries.

We commit to the following activities to enhance harmonization:

- Ensuring that development cooperation is delivered in accordance with partner country priorities, .. and that harmonization efforts are adapted to the country context.
- ... we will work to reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonize documentation.
- ... Intensifying efforts to work through delegated cooperation at the country level and increasing the flexibility of country-based staff to manage country programs and projects more effectively and efficiently.
- Developing, at all levels within our organizations, incentives that foster management and staff recognition of the benefits of harmonization in the interest of increased aid effectiveness.
- Providing support for country analytic work in ways that will strengthen governments' ability to assume a greater leadership role and take ownership of development results.
- Expanding or mainstreaming country-led efforts (whether begun in particular sectors, thematic areas, or individual projects) to streamline donor procedures and practices, including enhancing demand-driven technical cooperation.
- Providing budget, sector, or balance of payments support where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place.
- Promoting harmonized approaches in global and regional programs.

The UK, according to a number of DFID-representatives that we have interviewed, define as a clear priority to “lower the flag” in a number of areas in order to help strengthen the total impact of assistance. A similar example is the close collaboration between Sweden and Norway in Malawi, where Norway administers a program of some 20 agreements on behalf of the two countries. Sida and NORAD have worked out the arrangements and Sweden, though not physically present in Malawi and without agreements with the government, relies entirely on Norway for implementation, reporting and monitoring. This general process is underpinned by the significant change from individual and technical projects towards assistance through budget support to sector programs and other more policy-oriented approaches in general.

Our general judgment is that Norway plays a positive and constructive role in ongoing harmonization efforts – bilaterally as well as multilaterally. The challenge is to have sufficient capacity to prepare and engage in the processes and appropriate competence to get involved in the depths of the processes.

3.2 An organization that facilitates strong strategic and policy-capacity and that cooperates strategically and coherently with key stakeholders

Being strategic means more than being able to develop strategies. Being strategic is about having goals and objectives and consistent plans to reach them. An important issue in this sub-chapter is the strategic capacity of the development administration and the degree of coherence in the strategic approaches of the administration.

This refers to both the “*organizational coherence*” – across all levels of the administration in terms of translating and using strategic documents and thus anchoring a unified focus and mission around key strategic parameters. It also refers to the “*political coherence*” which has to do with the relationship between different government policies.

A recurring theme in our interviews is the question of what it takes for the Norwegian development administration to become more strategic. The following statement from the staff survey is in this respect typical: *“What counts is to be strategic, make use of opportunities, build alliances and be in policy dialogue. It is not only money that matters. We need to be effective as stakeholders in poverty reduction at country level, not just follow the money we as Norway invest.”*

Our interviews indicate that the Norwegian development administration in general is weak on both processes and instruments for making efforts more strategic. An effort to address this is the recent initiative by the Minister for International Development to issue an annual internal strategy paper (for 2002 and 2003) outlining key priorities and a work plan for implementation.

There is, however, still no common established framework that guides the combined efforts of all three levels towards strategic goals for output and results. When we have asked staff about what are the key priorities of Norwegian Development policies we get a broad variety of individual answers, all anchored around poverty alleviation, but without a very clear focus. The result of this is a tendency of fragmentation and separate initiatives and undertakings that do not pull in the same direction (ref. box with answers from the staff survey)

“The quality of strategies and policy documents need to be improved with more precise formulations, especially with regard to goals and objectives, and should have a form which facilitates operationalization”.

“People get tired of making policy documents and strategies, which have the image of “response” rather than vision.”

There are exceptions to this general impression. The work on UN reform alongside Nordic neighbors in the 1990s is an example of a complex work process around a clearly articulated strategy. Long-term pursuance of strategic objectives in the health field is another. The Utstein initiative, although initiated mainly from a political level by the present Norwegian Minister for International Development,

created a vehicle for strategic thinking and practice for development officials both in Oslo and at the embassy level.

The success of Norway's role as peace negotiator in Sri Lanka is also a clear example of a successful strategic approach. This role is at least partly a consequence of a carefully developed strategy of addressing the conflict as the main barrier for development.

The Norwegian role on HIPC²³ discussions in IMF and the World Bank is another example of the ability to formulate and follow up a clear strategy. These and similar cases demonstrate a real strategic potential. Many key stakeholders expect Norway to play a leading strategic role. Some will argue that the Poverty Action plan has given a much-needed basis for formulating strategies. It is too early to measure the effect of this document, and we judge it more as a starting point for thinking and acting strategically, than as an operational strategy as such.

Many of our interviewees have noted that MFA and NORAD may be strong at devising thematic strategies, but are weaker at defining one focused strategy. There may be several reasons for this observation. Some point to the persistence of a value base focusing on the *value of giving*, not so much the concrete output. Others highlight the emphasis from the Auditor General's office focusing on "*spending all of the allocated funds within the time limits and according to the manual for how funds should be disbursed.*" Historically there has been less focus on the results of the input, and less focus on how the specific Norwegian contribution contributes to change.

Working strategically is above all a responsibility of the political leadership. However, a lack of strategic ability can also be linked to the unclear role of the different policy units in the administration as expressed in the two statements below:

"Identification of priorities and the making of strategies need to go hand-in-hand with responsibilities for concrete arenas (be it bilateral or multilateral). The system with a separate unit for development policy in the MFA has proven to be inefficient."

"Policy planning is at present too fragmented, split among several departments in MFA, and with important functions for operational planning in NORAD. A more comprehensive and unified approach seems desirable."

Strategic focus and coherence

One dimension concerning coherence is the interaction between bilateral and multilateral efforts. Being strategic in today's development field requires the ability to coordinate bilateral and multilateral efforts and to seek ways of letting resource allocation and policy advice at country level work in conjunction with efforts to shape the agenda and priorities at the multilateral level and vis-à-vis donor and recipient countries and institutions.

A clear message from our interviews is the lack of exchange between those parts of the administration working with a bilateral focus and those concerned with multilaterals. Representatives at the missions to the UN (Geneva and NY) and to

²³ HIPC (highly indebted poor countries) is an initiative by the international community to relieve debt on certain conditions.

the constituency office in the World Bank are unanimous in pointing to weak linkages to country level experiences. While procedures are emerging for channeling lessons learned at country level into shaping Norwegian positions in multilateral forums, and some respondents claim that increasing attention is paid to them, our overall impression is that more can be done to enhance strategic coherence in these respects.

Conversely, the embassy view is that there is a weak systematic feed of information about developments in multilateral organizations to the country level. Although the embassies are involved in hearing a number of processes, embassy staff say that they are most of the time unaware of Norwegian positions and strategies in UN and World Bank settings. In other aid administrations such as DFID there are more automatic mechanisms linking country level experiences to multilateral decision-making.

This has many repercussions. For a start, Norwegian embassy officials are sometimes embarrassed by a lack of knowledge of positions taken by Norway in New York, Washington or Geneva. The potential for feedback on multilateral agency performance from embassies is vastly underutilized, even if like-minded donors – Norway included – now (in 2003) start systematic assessment of multilateral performance with inputs from 40 different countries.²⁴ More broadly, these weak links have consequences in that they limit the ability to make the most out of available resources. Separate strategies may motivate initiatives and efforts at country level and at multilateral level. The new development context is already putting even greater demands on the management of Norwegian efforts in multilateral organizations and here is reason to believe that this tendency will increase.

Over the last years, UN funds, programs and agencies have gradually become more important as a point of reference for Norwegian development cooperation. The same goes for the multilateral development banks, which are increasing their importance both in a policy context but also as partners and recipients of Norwegian development funding. The traditional multi-bi approach – using multilaterals as implementing agencies for Norwegian development aid, is changing towards a rapid scaling down of individual projects towards funding based on thematic or country level programs of the multilaterals.

The total share of Norwegian ODA allocated through multilateral system (including multi-bi assistance) increased from 39 per cent of total ODA in 2000 to 46 percent of total ODA in 2001. Despite this increase in emphasis on the multilateral channels, the number of staff allocated to follow up and add substance to the multilateral efforts has not increased. Although hard to determine in detail, a frequent reference made in the MFA is that less than a man-year is set aside to manage the nearly 1 billion NOK contributions to the UNDP. It goes without saying that this is too weak a setup to play any significant strategic role.

One reason for channeling resources through the multilateral mechanisms is the potential for cost effectiveness. For recipients it is better to deal with one agency than many. For Norway, fewer staff is needed to manage multilateral aid than traditional bilateral projects. At the same time, we have found widespread frustra-

²⁴ Including *Review of Nordic monitoring of the World Bank and the IMF support to the PRSP process* (currently in draft).

tion about the lack of personnel needed to take proper advantage of the opportunities offered by Norway's contributions to the general budget and the voluntary funding to the UN and the strategic use of the contributions to the trust funds of the IFI's.

Due to its substantial level of funding and consistent pro UN policies, Norway has significant opportunities to influence strategies and priorities vis-à-vis the multi-lateral organizations. Representatives of UN agencies that have been interviewed all highlight the important role Norway has played in shaping policies and orientations, often together with other Nordic countries and like-minded nations.

At the same time, many of these representatives expressed the expectation that Norway would seize the opportunity and push the UN reform process further in light of the new approach to modern development cooperation. The UN welcomes the broad consensus on goals, tools and methods in international development. At the same time this emerging coherence is revealing an unacceptable fragmentation within the UN itself. As one head of a UN agency said: *"We are looking to a few countries to get the system to tilt towards coherence and away from fragmentation and we clearly count Norway among them."*

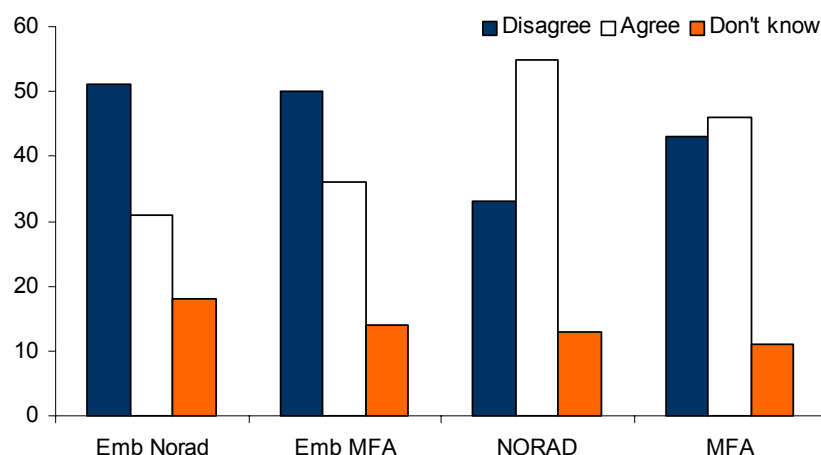
We have made similar observations in the interaction with the IFIs, especially the World Bank. Norway's role is appreciated on core issues like HIPC and IDA replenishment negotiations. At the same time the potential for a stronger role on other issues is considerable. Lack of analytical capacity is seen as one of the constraints in this respect. The recent MFA efforts to revamp the governance mechanism of thematic trust funds are appreciated. But there is still a way to go in linking the trust fund channel with the board function in the development banks.

Although there are examples of excellent Norwegian positioning, the sum of our impressions from interviews with Norwegians, and UN and World Bank representatives, suggest that today's organization of the knowledge base (split between the MFA and NORAD) undermines prospects for Norwegian strategic positioning within multilateral agencies. The total development administration has not made available a critical mass of expertise to translate political objectives and a number of thematic strategies into policy input that Norwegian officials can introduce and pursue in interaction with like-minded countries.

The available technical expertise at the MFA is not strong, largely due to the generalist character of MFA recruitment and human resource management. The MFA frequently orders input from the technical department of NORAD and of the embassies. Ideally such orders should be announced well in advance and be fitted into the planning process of the technical department. In reality this department handles a series of ad hoc requests from the MFA, often given with short time limits. There are numerous examples of the most competent technical staff not being available when needed. The technical department at NORAD has around 40 staff who serve cooperation agreements with 20-30 external institutions, in addition to embassies and Oslo-based departments of NORAD and the MFA. With multiple and uncoordinated demands made on their time, the inevitable result is inconsistency or sub-optimal quality in their response.

The findings referred to in Figure 3.1, indicate a lack of consistence across the aid channels, especially as seen from a bilateral perspective (in NORAD). Interestingly this view is more strongly held in Oslo than in embassies abroad.

Figure 3.1 “Developing country authorities are probably confused by differences in what Norway says through the different bilateral, regional, multilateral and NGO channels” (N=703)



Influencing the UN and the World Bank requires a careful mix of financial contribution and substantive positioning, see Box 3.2. High quality analytical input and policy advice can be pursued both through formal (board meetings etc) and informal channels. This call for careful management of scarce human resources, and a well-anchored strategic direction to underpin efforts of all concerned parts of the organization.

Box 3.2 Channels for influencing multilateral agencies

Through active participation in HQ-level decision-making in boards and related forums:

- *On generic strategic, thematic issues*
- *On individual country strategies and programs*
- *On specific arenas such as the WB/IMF Development Committee and IFI replenishment negotiations*

Through strategic use of funds in areas of high priority for Norway

Through international debate in academic, and NGO forums

Through clusters of like-minded members (e.g. Utstein)

At recipient country level:

- *Through work of resident staff*
- *Visiting missions*
- *Counterparts within national authorities*

Focus or fragmentation?

The more thinly Norway spreads development cooperation efforts, the more of a challenge it is to be really strategic. In 2001, Norway gave bilateral assistance to

117 different countries.²⁵ Assistance to the Least Developed Countries (LDC) group of countries represented 35 per cent of total Norwegian ODA, and 47 per cent of assistance provided through NORAD. DFID/UK, with a budget 2,5 times the value of Norwegian ODA, features a significantly higher LDC rate.

All Norwegian development cooperation is programmed as measures (“tiltak”), each possibly comprising several contracts – being anything from an obligation of a few thousand NOK for a workshop to a transfer to a multilateral organization of hundreds of million NOK. However, all contracts come with individual book-keeping and other administrative requirements. At the end of 2001, a total of 5,515 contracts were ongoing. Under the heading of “Global, unspecified” there were more than 800 separate contracts, with a combined value of 1.1 billion NOK (excluding general subventions to international organizations). At the country level, there were 14 different countries²⁶ each having more than 100 contract obligations recorded as ‘open.’

Norway’s “main partner countries” are selected by Parliament. However, the designation is not mirrored by relative importance within resource allocation. In 2001, none of the 3 largest recipients²⁷ of bilateral assistance (through NORAD and multi-bi) were included in the current main partner²⁸ category. Combined bilateral assistance to the seven main partner countries accounted for only 16 per cent of total bilateral assistance and 10 percent of overall aid expenditures. Looking at a wider group of 12 current and recent²⁹ priority countries, their combined share of bilateral assistance fell from 51 per cent of the total in 1992 to 24 percent in 2001.³⁰

In our staff survey, a clear majority of staff at the MFA, NORAD and the embassies stated that Norwegian development cooperation would benefit from a stricter selection of priorities and fewer separate measures (Figure 3.2). Although definition of projects and individual areas of work may vary from country to country, a comparison between Norway and Sweden points to significant differences. Sida only counts around 1000 individual measures and is set to limit the number further.

²⁵ Norsk bistand i tall, NORAD 2001.

²⁶ Bangladesh, Ethiopia, Fed. Rep. Yugoslavia, Guatemala, India, Sri Lanka, Mozambique, Nicaragua, Palestine Territories, South Africa, Uganda, Tanzania, Zambia and Zimbabwe.

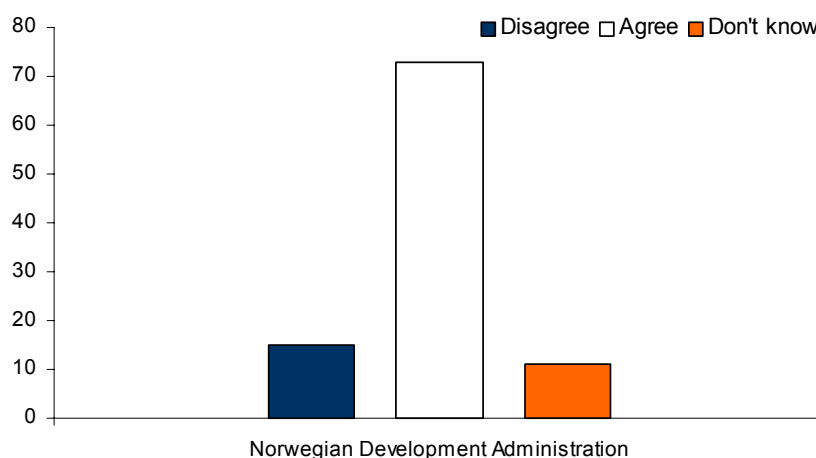
²⁷ Afghanistan, Palestine Territories and Fed. Rep. Of Yugoslavia.

²⁸ Tanzania, Mozambique, Zambia, Bangladesh, Uganda, Nepal and Malawi.

²⁹ Comprising, in addition to the above, Nicaragua, Zimbabwe, Eritrea, Ethiopia and Sri Lanka.

³⁰ Quoted in Norad Annual Report, 2001.

Figure 3.2 *"To produce results for developing countries, we need to organize ourselves around fewer priorities" (N=703)*



Defining priorities is a political responsibility. The possible conflict between the many priorities and the strong accentuation of recipient responsibility should also be regarded as more of a political than an administrative challenge. But the administrative consequences are apparent, and top management should not shy away from confronting politicians with perceived inconsistencies in the proliferation in priorities. This is important to redress the current situation in which the development administration seems to lack the ability to define priorities that flow throughout the whole of the organization. Staff at all levels of the organization point to the permanent challenge of defining and operationalizing priorities in a strategic way. The greatest frustration is expressed by embassy staff who are faced with the direct task of implementing priorities defined in Oslo.

Concluding remarks

In this sub-chapter we have discussed the strategic capacity of the current Norwegian development administration. The administration has demonstrated strong strategic abilities on specific issues. But in general the capacity is in need of renewed attention and focus. Means to improve the strategic capacity are; closer management focus, increased information and communication, and a structure that avoids fragmentation and underpins coherence and consistency. Add to this the strategic use of recruitment and management of personnel resources in support of knowledge-intensive strategic processes.

DFID is widely perceived as being strategic and consistent. The illustration *"From MDGs to you"* present some of the means used by DFID to highlight the strategies and priorities of the development administration. The Millennium Goals adopted by the Heads of State and Government of the UN in September 2000 and the targets of the White Papers adopted by the British Government set the overarching goals, with a time horizon of 2015. The Secretary of State for International Development is then responsible for delivery on Public Service Agreement objectives agreed with the UK Treasury. (Some of these responsibilities are shared with other ministries, for example, targets on debt and the MDGs are shared with HM Treasury.) From these PSA objectives stems objectives for directors, departments, teams and DFID offices at country level. This chain of coherent objectives installs a strategic focus that secures a very visible unity of purpose throughout the whole of the organization.

Figure 3.3 *From MDGs to You: DFID Strategy and Organization*



3.3 An organization with effective planning, resource allocation and performance management

This benchmark is inspired by the Government's modernization project and the international debate on how to improve measuring, monitoring and management for development results. As discussed in chapter 2 there is a growing international understanding of the need for the broadening of the traditional evaluation orientation towards results-based management in order to improve development effectiveness. This thinking implies a close link between the different management functions: planning, resource allocation, monitoring, evaluation, learning and reporting.

The responsibilities for these functions are placed in different units in the development administration. One of the key documents is the annual budget document to the Parliament – where both relevant result reporting and planning efforts at different levels are united. Another important tools are the annual activity plans (VP³¹), the letter of allocation from MFA to NORAD and the accompanying management dialogue.

Efforts are being made to improve the management dialogue between MFA and NORAD. Impressions from interviews indicate that the present MFA/NORAD interface (along vertical as well as horizontal dimensions) in this respect is

³¹ In Norwegian: "Virksomhetsplan (VP)". An annual planning document required for all of the government administration, regulated by the Government Financial Regulations.

complex, demanding and time-consuming. The regular formal and informal meetings at management level are perceived by some players as well functioning, yet staff at NORAD frequently refer to the challenge of handling a number of ad hoc interactions initiated by the MFA.

Systematic reviews and evaluations are commissioned and carried out both by the Ministry, NORAD and the different implementing partners (multilateral organizations, NGOs etc.). The day-to-day planning, monitoring and review of programs and activities are done within the respective administrative unit responsible for the activity.

The need for having coherent, coordinated and systematic approaches to evaluation and monitoring, as well as the systematization of results at different levels are concerns in most development administrations. This also holds for relevant utilization of performance information and evaluative knowledge.

Results orientation

Recent efforts in NORAD and MFA have addressed some of the challenges in a stronger results-orientation.

The NORAD results-project was completed in 2001 and concluded³² that NORAD had an acceptable basis for analyzing and reporting on results and for learning, but that the potential was not fully utilized. The largest challenges were considered to be the creation of a culture and practice for documenting experiences and results and in analyzing and learning for improvement. A recent internal assessment of the status of this effort³³ concludes that the project has produced positive results, especially on country and thematic levels.

In the MFA there is currently an ongoing effort to improve the budget document with two main objectives. Firstly to make the budget proposal a better political management tool, secondly to improve the formulation of objectives and the reporting of results. The intention is to implement changes into the 2004 budget document.

The gradual shift in development policies from focusing mostly on inputs to a reinforced focus on outcomes is reflected also in the Norwegian administration. Over the two last years, the MFA and NORAD, in collaboration with other donors within OECD/DAC, have worked to shift targets and priorities towards more results based approaches. This effort has also been linked to the monitoring of the MDGs within the UN system and will continue to require a stronger focus on re-examining current working methods in all parts of the organization (MFA, NORAD, embassies), more streamlined structures and strengthened systems for monitoring and evaluation.

Responsibilities for “evaluations” and “reviews” are split between the evaluation section in the Development Policy Department in MFA and the Policy Planning Unit in NORAD. A MFA Instruction³⁴ defines the details in the division of

³² In an internal NORAD document on the basis of a management decision Jan 28, 2001.

³³ Internal presentation in NORAD, January 2003.

³⁴ Dated October 1998, revised in October 2001.

responsibilities. MFA is primarily responsible for commissioning large external evaluation studies, while NORAD is responsible for smaller reviews and completion reporting. While the MFA-initiated evaluations are generally considered to be of good substantial quality our general impression is that they are of limited practical use in the daily work of the administration. Internal staff read evaluation studies only to a limited extent, the knowledge in the reports seems to be easily forgotten and there is a lack of a systematic process of integrating the lessons learned from the evaluations. The recent joint Nordic evaluation is an example of an increasing concern in MFA in how to link closer with international evaluation efforts.

The Norwegian Auditor General is primarily concerned with management of funds in consistence with the Governments Financial Regulations. In the 2001 report³⁵ his office expressed satisfaction with the improvements in the management of development cooperation funds, but also gave certain recommendations on how to improve the systems further. In 2002 the same office revealed perceived weaknesses in NORAD's management of funds to NGOs. Our general impression on this account is that considerable NORAD and MFA energy currently goes into exploring ways to improve management and results orientation in this admittedly demanding vehicle of development co-operation. Embassies, on the other hand, are often critical of the lack of overall coherence stemming from the large volumes of funds channeled through Norwegian NGOs.

Annual activity planning

According to the Government Financial Regulations, annual activity plans are required in all government administrations. MFA and NORAD approach this requirement quite differently.

Departments in MFA develop annual activity plans with what is perceived by some to be as "limited" efforts. An emerging new planning tool, an internal strategy paper from the Minister to the departments (as mentioned in 3.2) may replace the activity plans as the most important annual management planning tool.

The activity plan exercise (VP) is the central planning mechanism, also for country-level results planning and review in NORAD.³⁶ The VP also represents the main instrument for delegation and allocation of resources. The plans are based on a LogFrame³⁷ approach that is meant to map out causalities in an input-activity-output-outcome-impact hierarchy or chain of change. The VP comprises of a review of the last year, together with a three-year rolling timeframe of future plans. In this regard, the normative framework of guidelines conforms to current best practice within the development community.

Many of the VPs give a good situational description of the national development context: policies, governance arrangements and public management reforms, and

³⁵ Dokument nr.1 – Riksrevisjonen (vedrørende statsregnskapet 2000).

³⁶ The current assessment is based on review of NORAD's Activity Plan (Etats-VP) 2002-2004, the guidelines provided by NORAD HQ to embassies (021 vp 2002), and VP's prepared in respect of a sample of countries. The review also benefited from interviews with staff from embassies, together with the NORAD regional and technical departments.

³⁷ "Logical framework approach", which is a method for planning objectives, risks, indicators and activities.

operations of major partners. Increasingly, PRSPs, or government's own development strategies, represent a point of departure for analysis and facts regarding national development needs, institutional arrangements and donor coordination mechanisms. Where available, the VPs quote national statistics or international estimates on status of national progress towards the MDGs. The embassy VPs serve as a useful document for orientation on development challenges and, above all, as a map of the activities that NORAD plans to undertake in a country.

Although the VP guidelines request that results planning be related to outputs, practices at the country level, in line with the headquarters formulations, are mostly centered on activity- and process-level elements of Norway's contribution to development. Typical results target statements are: "*Continue support to*", "*Formulate proposal for*" and "*Improve coordination with...*". A sector-level or thematic focus is generally present, although relative priority of the different measures or activities is not clearly spelt out. Quantification of targets is rare.

Assessed from a critical perspective a weakness of the VP mechanism is the poor analysis and reporting on how what Norway does translates into actual development progress in the country. Links between results and resources are not made explicit. The VP gives no financial breakdown corresponding to results targets; those achieved through past Norwegian assistance, or any aimed at for the future. Instead, expenditures and budget requests are listed by *source*, including the generic sectoral/thematic labels of under which regional funds are allocated. Individual activities are not costed. As currently used, the VPs therefore preclude robust assessments of cost effectiveness or value-for-money in Norway's contribution to national development.

Some of our interviewees consider the VP process primarily as an exercise to satisfy bureaucratic demands. Too much time is spent on preparing the plan in the different units, and too much time is spent by the staff in NORAD in assessing the embassies' VPs. Some consider VPs to have limited function as a management tool.

Conclusions

Although recent initiatives have been initiated to limit fragmentation of the results management system, the systems should still be made more targeted and coherent. Objectives for Norwegian development cooperation are of a general nature and only to a partial degree made explicit. Financial management and reporting seem to follow the financial regulations and the link to outcome and impact is gradually taking shape, as illustrated by the introduction of the reference to the MDG process.

The VP stands out as a key tool in managing delegation and allocation of resources. We question, however, whether the present emphasis and use of resources on VPs in NORAD is justified, not least given the questionable impact of VPs after their adaptation.

Generally we lack a clearer emphasis on results targets at the output level; more attention to linkage between Norwegian assistance and national development progress; and a presentation of resource allocation tables that correspond to country results targets. There seems to be more focus on the ability to spend the resources

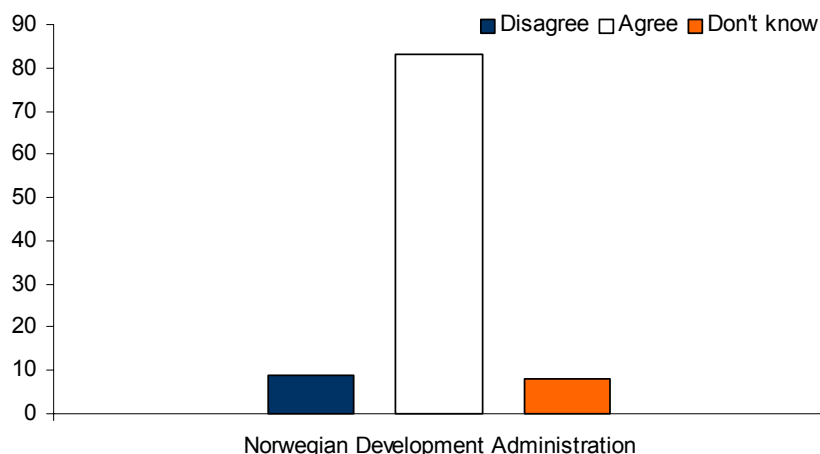
correctly than to achieve development impact (“do things right rather than doing the right things”).

This attitude is a likely consequence of the obvious difficulty in documenting results of development cooperation, and the apparent limitations in a rational results-orientation. All donor countries face this challenge. We would, however, have expected a greater concern and a more proactive approach as to how to sustain development impact as a key organization-wide priority. In this respect we also miss a discussion of how to deal with multiple and inconsistent Norwegian aid priorities. One obvious area of interest is the consistency of objectives pursued through NGO managed funds and funds spent through other channels.

Evaluation units in most other development organizations are undergoing considerable revitalization processes.³⁸ We would recommend an effort to link more actively with these processes.

We also recommend that feedback mechanisms be improved and the learning of past experiences enhanced. There is also a need for a closer link between the prospective parts of the system (planning, budgeting etc), the monitoring and evaluation (including reviews and assessments) and the feedback processes (the use of performance information). (Figure 3.4 shows the staff survey finding on this issue.).

Figure 3.4 “We need to follow up more closely whether what we do actually has any effects in the developing countries” (N=703)



3.4 A flexible knowledge-based organization with adequate human resource management

The ability to systematize and apply knowledge is important in modern organizations. In meeting the new development challenges knowledge management will become an increasing concern in the future. This also has implications for

³⁸ For instance in the IFI's and in Danida

recruitment, skills-mix and personnel management. (Issues related to skill-mix and recruitment at the embassy level are discussed in 3.1. Here we discuss the general challenges in the development administration.)

Knowledge management

Undoubtedly the current development administration possesses solid expertise. But our analysis indicates that the way knowledge is applied in addressing challenges and solving tasks varies.

Some departments seem to have a conscious approach to recruit, develop and keep staff over time to accumulate their knowledge in a particular area. One example is the Technical Department in NORAD. The expertise here is highly valued, particularly by staff in a number of embassies, as expressed in our country visits. But the use of expertise and knowledge from this and other departments in NORAD requires good planning and timing. One of the interviewees expressed the following: *“For many assignments – ranging from the drafting of speeches to the elaboration of policy papers we need access to specialized knowledge. Some knowledge exists in NORAD, but we can’t use it because we need it NOW – and we cannot go on asking NORAD to drop everything and respond in time. Nor can we trust them to get the right tone. The result is that what we produce simply often isn’t good enough, and that is not acceptable.”*

The view expressed in the box below also indicates the need for incentives for sharing knowledge.

“Link incentives to sharing of information, networking, and using other people’s knowledge as input. It must be communicated from management level that an effective and modern development cooperation organization is actually dependent on sharing of info and good knowledge management (you should be punished by “sitting on information” that others’ could benefit from in their work).”

Other departments have done less to get the necessary knowledge. For instance the Africa regional desk in MFA now has only 3 out of 15 staff who have ever worked in Africa and the Asia regional desk has 1 out of 12 with operational experience from Asia. Some of the likely consequences are lack of relevant knowledge in meeting challenges.

NORAD has a long-standing tradition in using expertise from other parts of the Norwegian government and from external knowledge groups. A number of framework agreements provide the basis for flexible and long-term use of experts. We have not assessed the quality of this knowledge. Our impression is that these arrangements are working well, but that the quality of expertise played out at country level varies.

The use of external resources also brings up the question about the in-house expertise to commission assignments. Again our assessment is fragmented, but indicates a need for professionalizing and streamlining of this function. NORAD has done an assessment of the use of external expertise.³⁹ The survey concludes that contribution of external expertise is essential for NORAD’s ability to cover

³⁹ Bistandsforvaltningens bruk av ekstern fagkompetanse, notat, NORAD, 14.10.02

the necessary areas of specialized knowledge and to respond to the needs of the home based organization and the embassies.

One of the main constraints on knowledge management in the present Norwegian development administration is the lack of relevant expertise in each unit, and the fact that relevant expertise that exists is spread too thinly across a wide range of disparate organizational units.

All development organizations define knowledge management as a key challenge and the Norwegian administration needs to continue to make the needed expertise available throughout. We have noted that the split between the MFA and NORAD complicate such efforts. However, effective knowledge management cannot be confined to a question of organizational structures alone, equally important is the need to focus on new working methods across departments and sections.⁴⁰

Skills-mix and recruitment

NORAD is recruiting a number of new staff every year, and estimates that around 30 percent of the current staff has been recruited since 1999.

The diplomatic recruitment and staff development program in MFA gives other provisions on the skills-mix issue. Bright young people are brought into the ministry in what remains the most articulated competitive selection process in the Norwegian public administration and given a three-year training program. Then, basing the human resource management on a predominantly generalist approach, MFA moves them around in three-to five year periods for the rest of their career. One of the implications is that knowledge rarely is given enough time to solidify in the MFA, while some MFA jobs do require real substantive expertise. In some pockets staff remain attached to broad areas of work, but it is the rule rather than the exception that people move from area to area. This generalist approach has many advantages in a complex and interdependent international environment. At the same time specialized knowledge can easily be eroded because it is not used in the next job. The following statement from the staff survey highlights these concerns: *“It proves difficult to obtain the necessary insight about developing issues and to build upon the acquired knowledge given the existing high horizontal and vertical mobility in the organization.”*

New policy priorities imply less focus on a number of specific technical expertise, and more attention to macro-economic expertise, politico-economic knowledge of country situations and developments, governance of international/multilateral institutions and expertise within key priority areas such as health, education, governance and peace processes. The system is already bracing itself to take on these new dimensions, but there are still gaps and problems to be addressed – in recruitment as well as knowledge management terms.

Human resource management

Human resource management represents a special challenge due to the complexity, organizational heterogeneity of the development administration, and its character of being increasingly a knowledge-based organization.

⁴⁰ Some units in the Norwegian Government administration have experience from extensive use of team organization (like “Avdeling for kompetanse og arbeidsliv” i UFD).

Changes have brought development experts and diplomats closer together in terms of skills and knowledge requirements. Personnel working in development need a combination of technical skills and policy-level knowledge, e.g. pertaining to macroeconomics, the process of government budgeting and national governance. Moreover, process skills are needed, e.g. regarding negotiations, understanding of how to talk to governments and in international meetings, and how to put forward the added value of “Norway.”

The changing skills-mix demand is especially apparent in MFA. MFA possesses strong generalist foreign policy knowledge, while developing country/development knowledge is thinly spread out. The diplomat career system provides disincentives to certain kinds of knowledge production and management (as discussed above). Like one MFA official expressed in an interview: *“The way development issues are emerging, changes have brought development people and diplomatic people closer together in terms of skills and knowledge requirements.”* Efforts are underway, however, to adapt knowledge management to the actual tasks and functions of MFA officials who increasingly must combine conventional diplomat knowledge with competence on a wide array of development issues.

NORAD is seen to be responding well to the new agenda and to have taken action – training in negotiating, in budget issues, and in conducting international meetings has been provided. NORAD has also demonstrated the ability to act swiftly to recruit new staff with desired skills. A significant proportion of NORAD staff has been recruited just over the last three years.

In general, there is a lack of incentives for staff to renew, update and develop their knowledge base. Innovative thinking, creativity, knowledge on development issues is not *necessarily* rewarded as there is no annual assessment process, apart from the annual appraisal interview which is more of a work planning exercise. More attention needs to be paid to staff- and management assessment processes in the current development administration. Similar administrations in other countries and comparable organizations in Norway have, or are in the process of establishing at minimum a management assessment system (so called “360 degree” assessment), and annual staff assessment schemes).

The challenge ahead for the development organization is to integrate the need for specialized development knowledge and knowledge and management of diplomatic practices. Although there will continue to be a need for different categories in dealing with the new development context, the distinct differences will be less visible. The traditional NORAD staff will need training in typical MFA related areas, whereas MFA staff will need more in-depth knowledge of the development agenda for the fulfillment of a wide range of assignments at home, at bilateral stations and in multilateral forums. This should call for a closer study of the opportunities for more joint training between the MFA and NORAD.

3.5 A lean and streamlined organizational structure

This benchmark refers mainly to the overall structure within and between the three main layers of development policy and implementation in Norway: the

Ministry of Foreign Affairs, NORAD and the embassies. The priority given to strengthen and delegate more responsibilities to embassies implies additional organizational challenges. While until recently we had mainly two main players (MFA and NORAD) and embassies as implementing bodies in the field, stronger embassies now give us three (in some regards) comparable organizational entities that need to be coordinated and streamlined. The stronger the embassies become as development players, the more pressing the need for streamlining structures back in Oslo.

Box 3.3 Overall structure and division of responsibility – Norway and the rest

OECD countries differ significantly in the way they structure the different parts of their development policy administrations. The following are the main (relevant) categories of structures:

Independent development co-operation ministries, with more or less full control of development budget and agenda, at least narrowly defined. The UK's Department for International Development (DFID) is the natural, and indeed the only fully fledged, role model here.

Strong directorates, relatively "weak" (foreign) ministries with responsibility for overall policy. Canada and Australia stand out here, with limited MFA powers with respect to the use of aid money. Sweden is a more mixed case but still with a fairly strong and independent Swedish International Development Cooperation (Sida), with corresponding limitation on MFA scope of development action. New Zealand is currently adopting a model that appears to fall within this category (see Annex 5).

Hybrid models like Norway – fairly strong and control-minded ministries presiding over development agencies with still a rather independent status in many regards. Germany comes close to Norway in some respects, although with more than one main implementing organization.

More or less fully integrated ministries handling foreign affairs and development co-operation within the same ministry. Denmark and the Netherlands stand out here, Finland is some kind of hybrid, but is closer to Denmark than to Norway. Ireland is currently (2002/03) opting for an integrated approach, albeit with an "internal directorate" separated from other parts of the MFA, which still implies separate desk systems for foreign affairs and development respectively (see Annex 4).

More complex models with either one or several ministries in charge of policy, and many directorates/agencies responsible for aid implementation. Austria, France, Spain, Japan and the USA fall more or less squarely into this category.

(Sources: OECD 1999 (DCD (99)6): *A comparison of management systems for development co-operation in OECD/DAC members*; complemented with more recent documentation and interviews in a number of OECD countries).

Relations between the Ministry, NORAD and the embassies

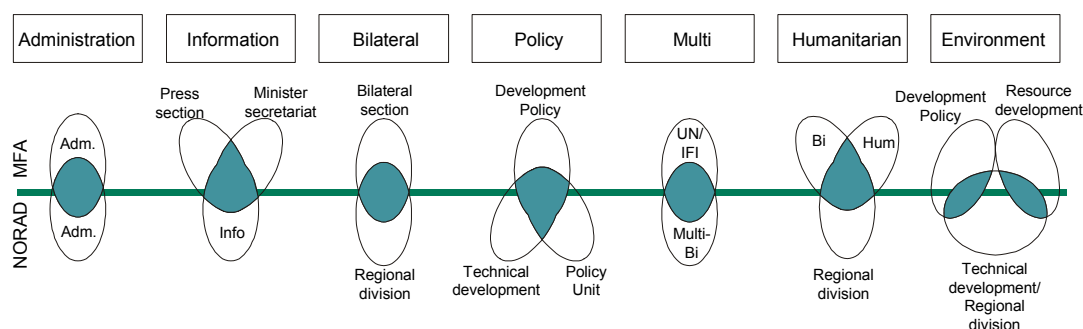
The relationships between the Ministry, NORAD and the embassies are characterized by significant overlaps in a number of key functions, and ambiguity and fragmentation in the terms of who is responsible for what. The latter is particularly salient as seen from the embassy point of view, but also widely supported in the staff survey (see below) and in numerous interviews.

Many embassy staff regard the system at home as confusing; without clear lines of responsibility, and with significant overlap that erodes opportunities to establish the assembled competence they need and expect from Oslo. An Oslo-

based respondent in the staff survey expressed similar frustration: “An unreasonably high extent of resources is today lost in the inter-phase between MFA and NORAD, by inconsistent division of tasks between MFA and NORAD, and parallelism in engagements.”

Schematically, overlap and ambiguity between the MFA and NORAD hampers the effectiveness of Norwegian development co-operation along the following functions:

Figure 3.5



The circles of the continuum are not proportional, but are used to illustrate what we have found as significant MFA/NORAD overlap on a number of important dimensions. As a senior official at the MFA expressed it: “Whereas duplication can be tolerable in that the same tasks may be carried out by several parts of the organization, the real danger lies in the fragmentation and the risk of issues falling between chairs.” In what follows we discuss the three most critical and comprehensive overlap areas: administration (most importantly of embassies), a largely parallel desk system, and overlapping information-, knowledge- and strategy functions.

Management of embassies

36% of NORAD’s staff and 30% of MFA’s staff work in the respective administrative departments. This means that more than 300 Oslo-based staff work full time on administrative issues. One of their key tasks is administration of embassies. NORAD currently manages 14 embassies, while the Ministry takes care of 6 embassies with a clear development purpose, in addition to all the other foreign missions. Management implies HRM policies (including recruitment/personnel responsibility), information systems (e-mail, intranet, websites etc.), and administration (financial management). Given a high degree of integration of policy, strategy and implementation both in Oslo and the embassies, *this division between NORAD and MFA brings considerable ambiguity, overlap, duplication and waste of resources.*⁴¹

This is now widely acknowledged across the system (MFA, NORAD, the embassies). Different attempts have been made to transfer management of all embassies to the MFA. It has been met with resistance in NORAD in particular regarding responsibility for recruitment. NORAD has also put forward the need to link

⁴¹ Unofficial estimates indicate that streamlining could free up to at least 50 person years for more productive purposes.

control of resources and responsibility for results. Recent MFA/NORAD working groups have tried to strike a compromise, giving NORAD real (if not formal) control of special envoy positions in the 20 integrated (aid-intensive) embassies, within a model entailing overall MFA management of all 100 Norwegian foreign missions. It remains to be seen whether NORAD-MFA management transfer will work, with or without the mentioned exceptions for recruitment- and personnel policies.

The evaluation team agrees with the case for having one central administrative focal point for the management of embassies. For the 20 integrated embassies this could, in theory, rest with NORAD in a scenario where NORAD is significantly strengthened, whereas another approach would naturally imply that the MFA takes full responsibility for administrative affairs.⁴²

The parallel desk system

In many respects the regional department in NORAD and the bilateral department in the MFA constitute a parallel country- and regional desk system for aid management. On paper MFA is responsible for policy and NORAD is responsible for aid management and implementation. This has never been an easy line to draw, and it gets increasingly blurred partly due to the changing aid policies described in chapter 2, and partly because of increased delegation of responsibilities to embassies.

The staff survey and numerous interviews in MFA, NORAD and embassies reveal frustration and fatigue at this point. Embassies all too often experience ambiguity regarding whether, in cases needing consultation or decision in Oslo, to address NORAD's regional department or the regional desks in MFA. Also, in cases where this is rather clear, embassies often despair of the need to relate to (at least) two management layers, as it increases the distance to key decision-makers in Oslo at a time when close communication with these very leaders grows more and more important (for empowered embassies).

The idea that MFA does policy and NORAD implements it is "accepted as a myth" – all acknowledge NORAD also does policy work and the MFA also implement projects and policies. For instance, officials in the MFA see themselves as implementers and NORAD as policy people - on the basis that NORAD had time to think and write whereas they at the MFA were responding all the time to ministerial demands and never had the time to think about policy.

The parallel desk system is also difficult to comprehend for a range of other institutions that work closely with the Norwegian development administration, such as e.g. the Norwegian Ministry of Environment and also for development administrations in other countries and even for some Norwegian NGO's who should be familiar with the system.

Technical knowledge and strategy departments

The Norwegian development administration entails an impressive array of development competence, although with significant gaps in some key areas that have

⁴² See presentations of models in chapter 4, model A ("an enhanced NORAD").

been discussed earlier in this chapter. (3...). Here the focus is on *the organization and overlap* in knowledge- and strategic functions.

Our team has identified significant overlap between MFA and NORAD along this dimension. For outsiders (and also for many insiders) it is difficult to understand why this and the other knowledge demands are handled in either the Technical Department in NORAD, in NORAD's new Policy and Planning Unit, or in the Development Policy Department of the MFA. In addition to this comes the more or less isolated islands of competence in aid management departments in both MFA and NORAD.

Frustration over this state of affairs is apparent at many levels. The political leadership does not experience that they have one, but many and rather disperse knowledge systems at hand. This makes it demanding and often troublesome to develop new initiatives, participate actively in key international debates and policy developments, and leaves substantial potential for influence unfulfilled.

Box 3.4 Example of fragmentation and ambiguity: the management of environmental issues. Illustrative

Improving the environment is an important part of Norwegian development policy, and also counts significantly in a broader foreign policy context. The organization of environmental affairs has for long been a perennial concern within the MFA, with tasks and responsibilities shifting between different departments. As of today, aid-related environmental issues are handled in the following organizational units in Oslo:

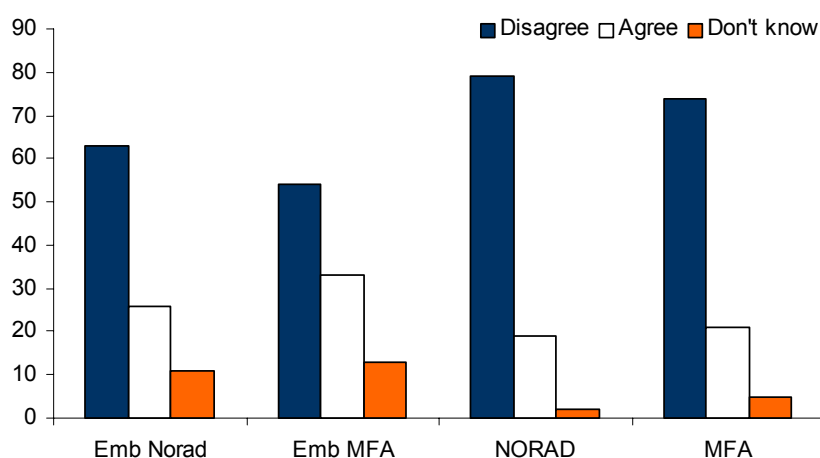
- The Department for Trade Policy, Natural Resources and Environmental Affairs once (1999-2001) controlled the bulk of MFA's environment portfolio, including interface with NORAD environment officials. Some of that has now been moved to the recently established...
- Department for Development Cooperation Policy. Division of labor between the two is highly unclear, as both departments relate to Norwegian environment & development policies in international negotiations as well as to environment officials in NORAD. The former was responsible for preparations for the Johannesburg Summit, while the latter is charged with follow-up and implementation...
- The Asia desk in the Bilateral Department also handles some environmental issues, partly because it is formally responsible for policy guidelines to NORAD's regional departments. Responsibility for a major co-operation initiative with China (China Council) has recently been transferred to the Asia desk, with funding (and at least formerly priorities for the Council's work) provided by NORAD.
- The most significant technical environmental expertise in the system rests with the NORAD's technical department. Officials here serve regional departments, embassies and MFA offices upon request.
- Regional departments in NORAD have considerable management responsibility for environmental projects, and works closely with embassies and sometimes MFA departments in overseeing the development-related environmental portfolio.
- Significant funds are spent annually on international environmental organizations such as IUCN. Co-operation agreements with such organizations are managed by NORAD's Department for Civil Society and Private Sector Development.

This is not to say that the environmental activities of the system are totally incoherent. A lot of valuable work is probably done, and most of the units listed above are working together fairly well. Still, the set-up in MFA is particularly ambiguous, and the necessarily thin spread of human resources across both MFA and NORAD leave critical questions as to whether we have the critical mass called for to sustain Norway's high ambitions in this policy area. The workings of the system are also virtually impenetrable for external stakeholders who relate closely to different parts of MFA and NORAD, such as the environmental ministry and associated institutions. Add to this the concern that, despite all the

different offices engaging in environmental affairs, it is difficult to get a full grasp of how responsibility for monitoring and quality assurance of the integration of environmental concerns in overall development co-operation activities is taken care of. This is by far the most salient policy issue in the environment & development discourse.

We sum up the problems on this account as twofold: On the one hand the total available knowledge is weakened by fragmentation and on the other hand – given the increased need for up to date skills- there is a lack of critical mass and flexibility in terms of development competence. Political leaders, other MFA- and NORAD departments (e.g. MFA's multilateral department), embassies and external stakeholders need and ask for robust and timely knowledge inputs from the system. The human capital is largely present, but is not being optimally used.

Figure 3.6 "The division of labour between the Ministry, Norad and the embassies/delegations is clear-cut" (percent)



Information on development issues

Information on development issues has for long been a headache in terms of finding good working relations between the MFA and NORAD. At the outset information advisors to the Minister for International Development and Director of NORAD have competing mandates and priorities. This need not create problems if the division of labor between MFA and NORAD is crystal clear. As this is not the case, considerable energy goes into positioning and discussion on how to distribute the scarce commodity that is (positive) media attention for development issues. NORAD's communication strategy, sanctioned by the previous political leadership in MFA, encourages branding of the NORAD logo. The present political leadership finds this problematic and has recently told the organization to lower the NORAD flag. The coordination has improved, though, as a result of weekly meetings between the responsible people in charge of information at the MFA and at NORAD.

The second dimension concerns parallel units for information on the development agenda conveyed to stakeholders in Norwegian society and beyond. In the MFA this is vested in the Press, Cultural Relations and Information Department, while NORAD features the Department of Communication. These two units both produce information material and commission information work from a multitude of external players – mostly Norwegian NGOs. It is difficult to arrive at principled

views as to which of these activities should rest with MFA and which should belong to NORAD. The result has been a constant ambiguity when it comes to mandates and profiles.

MFA's 2003 budget for information support to NGOs amounts to NOK 26 million, while the corresponding (and overlapping) NORAD budget item is NOK 34 million. A lot of NGOs seek funding from both accounts, often for more or less identical activities. MFA's internal budget for (development) information activities is NOK 9, 5 million, while NORAD spends NOK 9 million. Again, it is difficult to discern a consistent division of labor between the two. One example of this is that both MFA and NORAD manage a library and documentation center on development issues.

Relations within the three main institutional layers

The MFA has been reorganized a number of times during the last decade and in many of these rounds the aim of improving the development function was a key inspiration for organizational change. The mid-1990s saw a significant shift away from a division between "high-politics" political department and "low-politics" developing country/aid sections to an integrated desk system. To take one example: According to the main idea of this reform all China matters were to be handled by the regional Asian/China desk, including development co-operation, environmental affairs, human rights dialogue and dialogue on global security issues.

A number of reorganizations have followed since then:

- Establishment of Norfund separate from NORAD, reducing NORAD's exposure to private sector work (and thus also MFA policy role in this field)
- Establishment of the Department for human rights, democracy and humanitarian affairs department (1999).
- Sub-regional office in MFA for Balkan area, managing large sums of aid (1999-).
- Establishment of development policy department (2000)
- Taking away from regional desks complex issues such as important Afghanistan-related tasks and the peace process in Sri Lanka (2001/02).

Cumulatively, these changes have led to a very complex and fragmented organization, with 11 main departments throughout the MFA and many layers of bureaucracy between the average MFA official and the top management – and political levels.

Importantly, many of these changes have run counter to the thrust of the main integrative reform in the mid-1990s. Although well-intentioned and easily understandable from a political point of view, establishment of the humanitarian/human rights- and development policy departments have led to continuous conflicts *with* and a depletion *of* the resources of the main departments for management of Norwegian development co-operation, the departments for bilateral- and multilateral affairs.

One result of this is a weakened regional desk system, without the necessary competence and clout to develop strategy and policy at country level. It thus fails to be a fully meaningful counterpart to NORAD and the embassies. UN and IFI staff in the multilateral department also struggle to keep up with demands, and recruiting the right personnel is a challenge partly because other thematic departments appear more flexible and provide closer links to political action.

The so-called FOKUS project in the MFA recently addressed the potential for streamlining of working procedures, not least in light of emerging new technologies:

Box 3.5 The MFA "FOKUS Project"

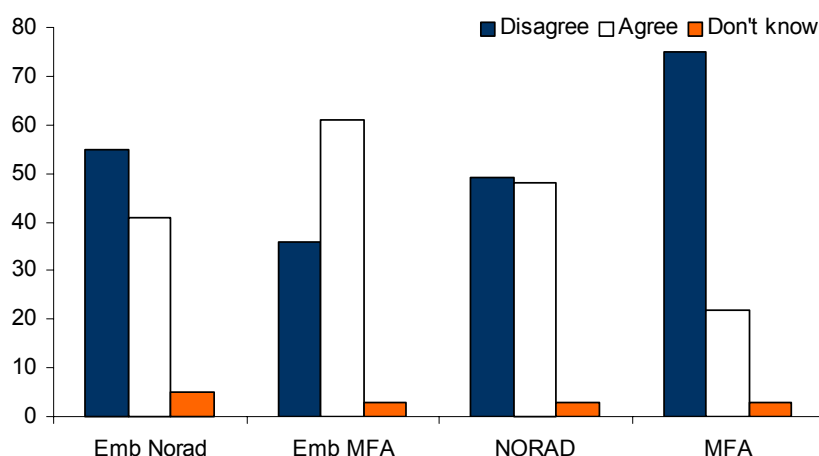
The "FOKUS Project" is an internal MFA administrative review of the Department for Administrative Affairs and the Department for Press, Culture and Information. The purpose of the review was to modernize, make more effective, delegate or transfer tasks that today are being carried out by the two departments with an aim to free up 20 per cent of resources to the benefit of other priority tasks in the Ministry. The report and recommendations was presented in January 2003.

The review resulted in a number of detailed recommendations. Most of these recommendations are related to broader utilization or introduction of new information technology tools. A key aspect is the introduction of systems for electronic archives and document management, which will be introduced throughout the MFA and embassies/missions over the next couple of years. Other recommendations include further delegation of responsibilities and tasks to departments in MFA and embassies/missions for economic management and control and administration of locally recruited personnel.

The recommendations are currently being considered and followed up internally. Because of the close relationship between the suggested measures and the introduction of new information technology tools, the implementation period will to a large extent depend on the actual introduction of these new tools.

It is frequently reported to us that numerous foreign policy- and development issues require desk officers from 4-5 MFA departments (and often 2-3 NORAD officials in addition) to be present at meetings discussing division of labor and policy formulation. Making decisions and hammering out policy in such a system takes time, and frustration grows. NORAD officials understandably get confused about how policies that are to direct the implementation Norwegian development co-operation are elaborated. The critical mass of competence to provide policy leadership throughout the Norwegian system (including the embassies) is not nurtured in this situation, neither are the strategic abilities required to make a difference in topical international initiatives and partnerships.

Figure 3.7 "The division of labor within my organization (i.e. inside MFA, NORAD or embassy/delegation) is clear-cut" (percent)



Streamlining MFA working procedures

The effectiveness of working procedures has been a long-standing concern in the MFA. We have found this discussion to be of key importance to the question of a more effective development administration.

In the staff survey, nearly 70 per cent of MFA staff complain that there are too many layers of decision-making and authority in Norway's development cooperation system. In our interviews with staff up to the very top levels we have been pursuing a deeper understanding of the reasons for this perception. The responses can be summarized around the following observations:

(i) The line management system is too long with too great a distance between decision makers and the desk officers. Over the years, the number of departments has grown without addressing the fundamental questions of working methods and procedures. Decision-making involves a traditional vertical clearing inside a department, but as many of the departments have narrow mandates, there is an additional need to engage in horizontal clearing across departments and sections. As a result the signals from the political leadership often end up as unclear and not sufficiently focused, and the feedback to/from the desk officers is often felt as incomplete. Another result is the need to use important management resources to handle this clearing process by a growing number of internal meetings, double-checking and internal negotiation inside the ministry.

(ii) The Norwegian MFA counts more political representatives than most other comparable administrations – with at present two cabinet ministers, four state secretaries and two political advisers (in addition to two secretariats). Together they represent a substantial commissioning capacity that puts particular pressure on the administrative system's response and follow-up capacity. It is our impression that the fragmentation and lack of critical mass in the system significantly contributes to political interference and micro management – which further weakens top management ability and motivation to streamline the organization and focus on a limited number of priorities. This is a vicious cycle that can only be redressed by a combined process of organizational streamlining and clarification in policy signals from the political level.

(iii) There is a widely spread perception of having to deal with too many and partly inconsistent priorities. In the staff survey almost 80 per cent of all staff say that *“in order to produce results for developing countries, we need to organize ourselves around fewer priorities.”* This observation is also valid for the perception of focus and concentration of the internal work in the ministry. As both ministers and their political staff may call on all departments there is a phenomenon of competition among departments to seize responsibility for areas given priority and to attract additional staff.

(iv) Staff - again at all levels – point to the considerable challenge of creating a better and more transparent system of delegation. Once a signal is given from the political level, the combined effects of today’s line management system, the large number of priorities and the large number of departments may lead to confusion about who is in charge and with what mandate. Embassies, NORAD staff, as well as representatives of external organizations, note that in dealing with the MFA, there is frequent confusion about who is in charge of a given policy matter. The experience is often that several departments claim operational responsibility for follow up.

(v) A result of the above observations is a widespread perception of work overload, a growing number of internal meetings to sort out unclear issues and a real danger of issues falling between chairs.

These are fundamental issues for the effectiveness of how the administration operates, both internally and vis-à-vis external partners such as embassies and NORAD. To address these issues there is a need to focus both on an organizational approach as well on the working procedures. Recent initiatives have been taken to improve working procedures. We believe, however, that such initiatives must be accompanied by organizational reforms. This is outlined in detail in chapter 4 and will be inspired by the following elements:

- Simplification of working processes by fewer levels of clarification and fewer hierarchical levels in the organization, especially at the top level.
- A reduction in the number of departments enabling the creation of a senior management group able to play the role as administrative anchors in the delegation of political priorities and signals and able to sort out overarching coordination issues.
- Initiate a number of targeted pilot projects where staff from different departments work together on thematic issues (on relevant themes).
- Increased focus on management training.

The new NORAD

NORAD was reorganized two years ago, in a process characterized by wide participation and considerable enthusiasm. The result is an improvement towards a modern and streamlined organization that is fairly easy to grasp by insiders and outsiders alike. Our team has been impressed by the motivation and loyalty of staff to the new structure, even if it is too early to judge how it really performs.

A main challenge is to make the revamped, team-organized Technical Department work in support of management divisions and embassies. There is confusion among the staff of the department as well as among NORAD senior leadership

about the role and the position of the department. Of particular concern is its relation to the new Policy and Planning Unit attached to the Director. This concern is further exacerbated by the parallel existence of the MFA Development Policy Department. The Regional Department faces challenges in servicing and overlooking embassy work in a gradually reformed development agenda with less focus on projects and more on overall policy and governance. A positive feature of the “new” NORAD, though, is the explicit acknowledgement that main Oslo-based department’s license to operate is the contribution they make to embassy work in the field.

The main problem with the current NORAD set-up is apparent when analyzed from a system-wide perspective. Many NORAD staff who support the new structure still find that the revamp only was a partial process, as it did not look at the entire Norwegian development organization. This comes forward in interviews, and was also a main critical point in an otherwise largely positive mid-term evaluation of “New NORAD”, published in February 2002.

Both embassies and the MFA report positively on the value and timeliness of NORAD contributions, while at the same time there are questions regarding the overall quality of output and outcomes. In general we see a growing case for integrating Norwegian technical and managerial competence to sustain expertise and a unified focus needed to make a difference – for embassies/partner countries and international collaborators. In this context we find the significant overlap identified above as representing an unsustainable waste of resources and energy.

4 Towards integration

The new development policy context presented in chapter 2 and the analysis of today's development administration presented in chapter 3 provide the background for our recommendations.

The overall message of this study is the need to integrate focus and working methods in order to live up to the challenges from the new development policy context. As development cooperation moves towards an increased policy focus and as the embassies become the pivotal part of the administration, one should aim for a comprehensive integration that can eliminate duplication, possible fragmentation and secure a better unity of purpose.

In this chapter we first highlight the key observations from the study that should inspire such a process of organizational change. We then present an outline of two alternative approaches that we believe have the potential for responding to the need for integration. We then follow up in chapter 5 with a discussion of these alternatives using the same benchmarks as in chapter 3 and conclude by giving our recommendations.

We wish to underline at the outset that within these two alternative approaches there is a wide scope for adaptation. This study provides neither a blue print for an exact model, nor a fine print of organizational details. What we point at is a direction. Any detailed change process needs to involve the stakeholders and secure the necessary ownership throughout the organization.

Key observations for future changes

The overarching purpose of the study and the recommendations is to enhance the effectiveness and impact of the Norwegian development administration. Our recommendations are guided by three imperatives: i) realism, ii) implementability, and iii) providing more meaningful and interesting assignments for staff.

In moving towards integration of the Norwegian development administration we consider the following observations to be of special relevance for future changes:

(i) Strong commitment; There is a strong commitment among staff to the objectives of development cooperation and the goals spelled out in the Poverty action plan. There are historic differences in culture between staff assigned to NORAD and staff assigned to the MFA that need to be taken into account. We believe, however, that these differences do not represent a barrier for closer integration. The experiences of working together at integrated embassies have proven the potential of working within the same organizational framework. Any model needs

to offer a stimulating working environment for all staff and a recognition of their skills and experiences.

(ii) Flexibility and speed; A strength of the Norwegian development organization is its flexibility and ability to respond rapidly to new challenges as well as opportunities – while at the same time having a long term perspective for the process of development.

This strength needs to be safeguarded and further nurtured, especially to sustain Norway's important role within the humanitarian field and in the management of peace processes. Communication channels between politicians and officials in these areas must be further streamlined, while at the same time structured so as to capitalize fully on the political & development competencies of the system. Our analysis calls for an organizational focus that would enhance the strategic capability of the administration, with a firmer grasp of how input relates to outcomes and how initiatives and efforts in one area relates and contributes to objectives in another.

(iii) Separation of policy, strategy and implementation; Today's organization is based on an initial separation between policy and strategy anchored in the MFA and implementation of bilateral aid anchored in NORAD.

We have noted that i) this separation is more theoretical than real in the way the system operates (the MFA does both policy and implementation – and NORAD does both implementation and policy) and ii) the separation between policy and implementation, although relevant in other parts of public administration, is less suitable for the development administration that has to operate within a context characterized by closer links between bilateral and multilateral efforts and a swing from technical projects towards budget support, support to sector programs and other kinds of policy advice. A division of labor that may have worked well under previous development approaches is now exposing weaknesses and vulnerabilities that a new organizational approach should overcome.

(iv) Duplication and fragmentation; Although each part of the administration may be functioning well in isolation, there is a constant risk of duplication and fragmentation between NORAD and the MFA. We have found the current work processes at NORAD to be fairly effective as a result of a recent internal reorganization, whereas we point to a clear need for improvement of MFA working processes. We have found that although all parts of the organization state that they abide by the same general strategy, there are parallel and separate tracks and often alternative and competing interpretations. This is apparent between the MFA and NORAD, and between departments within the MFA and also to some extent within NORAD. This confusion reduces the efficiency of the administration; it hampers the ability of embassies to carry out clear-cut strategies at country level and should be explicitly addressed in any recommendation for change.

(v) Clearer structure – increased delegation; Over the years the organizational structure of the MFA has been complicated by an increase in the number of departments as well as a growing number of layers in the hierarchical system. This has resulted in a less transparent system of delegation. An improved administrative structure needs to take special account of how best to serve the

embassies that will receive extended delegations. We believe such extended delegation will be facilitated by having one focal point of reference for the embassy's interaction with Oslo.

(vi) Proliferation of priorities; The staff survey as well as individual interviews indicate a weakness in setting clear priorities and a tendency to spread efforts, funds and initiatives too thinly. This must be addressed by the political level, but a multiplication of priorities can also be a result of multiple, parallel and often uncoordinated policy and decision making procedures as well as unclear lines of delegation. It also raises the question of the system's ability to learn from experience and to feed in lessons learned in the next round of planning and implementation.

(vii) Focus of recipient country's needs; The emphasis on recipient's responsibilities has been a strength in the Norwegian development administration. There is now a need to take this approach one step further. A strong country focus, increased knowledge about the country context and the ability to interact with all relevant actors at the country level should provide the basis for all country based Norwegian cooperation. The Oslo-based administration should let the needs identified by the embassies be a stronger reference point.

(viii) Increased need for knowledge management; The shift of focus in modern development cooperation puts new emphasis on knowledge management and recruitment policies. Today the technical knowledge is spread too thinly, mainly anchored in NORAD, and fails to serve the whole of the administration (including MFA). New skills are needed at country level as well as at the level of NORAD and the MFA and administrative reform needs to address knowledge management explicitly.

(ix) Better results-management for improved development results; The demand for clear and explicit objectives, for close monitoring of performance, and good documentation of results at all levels is more apparent than ever before. This needs to be reflected in the renewal of the Norwegian development administration.

Alternative organizational models

We are advocating a clear, ambitious and visible process of change towards a more unified and integrated administration. We believe that there are two broad alternatives that can lead towards this goal:

The first option (Model A: The Enhanced Directorate) suggests a more significant delegation of authorities from the MFA to NORAD with the aim of grouping a coherent amount of responsibilities within the directorate in a way that allows NORAD to play a more complete role as the implementing agency of Norwegian development cooperation. Compared to other models this approach would come close to the present set up in Sweden.

The second option (Model B: The Enhanced Ministry) suggests a process of integration between the MFA and NORAD bringing together a unified international development administration within the framework of the MFA. Such a model would resemble the current Dutch and Danish system, with inspirations from DFID.

A third option could consist of suggesting certain modifications to the present organization while retaining the main parts of the current model. We have decided not to pursue this option. Our analysis has pointed to a number of significant weaknesses in today's separation between the MFA and NORAD. Interviews with staff throughout the administration have revealed a broad awareness of these weaknesses. These could, theoretically, be approached one at a time. This has, however, been the case over the last years. Whereas certain working processes have been improved, the overall picture of duplication and fragmented focus persists.

We do not believe that tangible improvement can be achieved without a process of change that addresses the fundamental organizational weaknesses stemming from today's separation of responsibilities between the MFA and NORAD. Any such process, be it according to Model A or Model B is not straightforward nor is it simple. But breaking away from the fragmentation of today's system will in our view require bold decisions with a clear direction.

Model A – The Enhanced Directorate

The starting point for this model (and for model B) is the need to sustain critical mass in the Norwegian development administration, and to streamline the organizational machinery so as to create as much as possible one focal point in Oslo for embassies with widened responsibilities.

This implies a further clarification of the division of labor between the MFA and NORAD: the MFA will focus strictly on the overall strategy and policy responsibilities, while NORAD gets a clearer mandate to formulate day-to-day country policies in close partnership with embassies. As a guiding principle for this approach, one should aim at a systematic transfer of all implementation of development related policies and programs from the MFA to NORAD.

Among the OECD countries, this approach is applied by Sweden, Canada and Australia and just recently, in a departure from previous policies, New Zealand (see description in annex).

The following are the key features that set out the enhanced directorate model from today's NORAD:

- NORAD keeps the main features of the administrative responsibilities for the 14 embassies that it runs today. To secure consistency the same features of the remaining six integrated embassies should be transferred from MFA to NORAD. The exact division of labor between NORAD and MFA in the management of integrated embassies should be worked out by a joint task force (building on work by existing groups with different mandates). A number of functions for all embassies could be transferred to the MFA to streamline and save costs, while NORAD should keep key decision-making powers over recruitment and personnel policies.
- The MFA would provide NORAD with annual instruction in the form of a letter of allocation (as today) outlining overall guidelines for Norwegian development cooperation. This would build on present forms of communication, but it would have to be in the form of a far more comprehensive and binding delegation of authority to NORAD and in turn to the embassies. Ad

hoc instructions from either official- or political levels in MFA would only happen in exceptional cases.

- Within certain areas responsibilities and personnel will be moved from the regional desks of the MFA's bilateral department to NORAD in order to strengthen the parallel regional departments of NORAD and let the bilateral department of the MFA focus more solely on political and bilateral issues. NORAD's regional- and country desks will be supplied with more political and macro-economic expertise in order to become a meaningful partner for strengthened embassies as they gradually shift their focus towards more policy related matters.
- Parts of the MFA's present development policy department will be transferred to the Technical department and the Policy Unit of NORAD. NORAD's leadership will have to work out the exact design of strengthened technical- and policy functions; either by building on the present divisions or by developing a comprehensive knowledge management unit.
- If Sida were to be the inspiration, the logic of this alternative would imply that aid to South-Eastern Europe and the OSCE region should be managed by NORAD. Special communication lines will have to be established in times of crisis, such as during the Balkan/Kosovo area in the late 1990s and recently in Afghanistan.
- Project- and program co-operation with multilateral agencies should be transferred to NORAD, while MFA will continue to preside over overall policy- and negotiation responsibility in the various UN- and IFI forums. For example, in Sweden, Sida manages approximately SEK 350 million annually in project- and program cooperation with UNDP, complementing the SEK 700 million that goes in annual core support to New York.
- Humanitarian aid is a critical component of Norwegian foreign and development policy; far more crucial than in all comparable OECD countries. To secure consistency, and with so much of the development action being placed in NORAD, the direct management of humanitarian aid should follow on and be run out of either the main regional desks in NORAD, or from a separate humanitarian department. Addressing in a coherent way humanitarian crises and reconstruction efforts in countries like Afghanistan and (soon to come) Iraq would be key challenges for this new structure. It thus goes without saying that it will be critical to secure close and straightforward communication with top management and political leadership in the MFA – taking into account that these are highly charged political issue areas. *(Another alternative is to keep management of humanitarian affairs and financial allocations for this purpose within the MFA.)*
- NORAD would also receive certain parts of MFA portfolios in the policy areas such as information and environment. All action with respect to information support to NGOs should be managed by NORAD. The same goes for the development policy information interface with Norwegian society. Certain environmental competencies could also be transferred from MFA to NORAD, while MFA should keep the resources needed to run international negotiations (complementing the Environment Ministry as is the case today). To complete the strengthened identity of NORAD as the

implementing arm of Norwegian development policy a more articulated branding of NORAD should be discussed.

Model B – The Enhanced Ministry

This model will integrate the best practices from NORAD's current management of bilateral aid into a reformed MFA with the aim of adding more strength and consistency to the articulation and management of Norwegian development cooperation. As this model requires comprehensive changes in the organizational structure, some more space is devoted to its presentation. The model would be based upon the following elements:

A simplification of today's MFA structure

A precondition for succeeding with this integrated model is a simplification of today's structure in the MFA. Development matters are currently not confined to one separate part of the ministry, they appear – and will continue to appear - in a number of departments. Our mandate is based on today's model with two cabinet ministers exercising their constitutional responsibility within one ministry. As explored in the analysis in chapter 3 we consider that the ministry – and both ministers - would benefit from a comprehensive rationalization and simplification in administrative structure as well as working methods of the ministry.

The scope of our mandate concerns large parts of the MFA. When approaching organizational change inside the MFA we have taken the liberty of considering the whole of the ministry, including areas clearly outside our mandate. We are not approaching these areas in any detail, but for reasons of structural clarity and consistency we include them in the organizational set up that we put forward.

There are several ways of simplifying working processes and the organizational structures of the MFA. We do not wish to present a single way of addressing this issue. We have, however, as a matter of illustration, put forward one organizational model which sole purpose it to illustrate the scope for simplification (se annex x).

The main features of this approach are:

- Reduction of the number of operational departments.
- Replacement of the current mandate assigned to the Assistant Secretary Generals with a line management responsibility for each of the operational departments, thus creating a clearly identified senior management group available to the two ministers and the Secretary General.
- A dedicated organizational focus on new working processes across departments and sections.
- Sections of a certain size and with a defined responsibility inside the departments will be led by a Director-General (ekspedisjonssjef).

Against this background the following elements will be key in an integrated model within the MFA:

Delegation to embassies

In line with the focus of the modernization project we aim for a delegation to the level closest to the user of service delivery – which in the case of international development predominantly is the embassy operating at country level.

The logic behind this recommendation follows from the discussion in chapter 3 and is in line with processes under way among all of the other development administrations that we have studied. The role of the Oslo based parts of the administration will be to support, serve and assist the embassies. This further delegation of authority should allow for a certain strengthening of staff with special skills at a country level. This would follow naturally from a reduced area of responsibility by the sections that currently manage parts of funds and programs from either the MFA or NORAD.

The structuring and implementation of Norwegian development cooperation will be effectuated on the basis of current methods and working procedures applied by NORAD.

Today's delegation of financial resources to NORAD would be made into a delegation via the Assistant Secretary General of the Regional department to the Ambassador in a partner country.

As comparable donor countries are still early on in the process of significant delegation, and also experience challenges and hurdles underway, action on this should be bolstered up by a robust strategy document (NORAD is in the process of preparing for such a document).

A unified Regional Department

The direct support function to country level activities (policies, programs and projects) will be merged into a Regional department which would consist of today's Regional departments at NORAD and the Bilateral department at the MFA.

One desk system would gather all relevant expertise around a regional/country focus and thus strengthen the capacity to serve embassies and further enhance a unified knowledge base. We see the creation of coherent sections based on a suitable grouping of countries as the best internal organization. In line with the logic of delegation there should be one focal point for each country level operation at Oslo level. With this country focus in mind the Regional department should be organized around the need of country operations and activities, and not (primarily) around themes or policy objectives.

The exact grouping would be a question for careful consideration. For the purpose of illustration we indicate a tentative grouping of countries belonging to Africa, Asia, Middle East, South America and South East Europe/OSCE. In order to highlight the key executive role of embassies we would suggest for consideration that the embassies in key partner countries appear on the organizational chart of the integrated MFA (as practiced by DFID).

The Regional department would offer support on a number of issues and respond to a number of needs – ranging from issues as diverse as policy input into a

budget support dialogue, handling of a humanitarian crises, regular consular issues or political issues of a bilateral nature. Common to all of these issues is that they appear in countries and that the integrated administration should channel its input through a country focus. This would build on experiences with the desk system in the MFA in operation since 1996 and the regional departments in NORAD, recently modified and strengthened. Our preferred approach would also feature competencies in key thematic areas such as health, education and the environment integrated into the main regional desks (see more on knowledge management below).

This unified regional desk system would add strength and substance to the handling of bilateral relations, both from the perspective of foreign policy and from the perspective of international development policy. To take but one example: When the day comes for the reconstruction of Iraq, the focal point in this model would be the Middle East section supported by other relevant departments and sections. Also, key foreign- and development policy areas such as human rights and governance should be integrated at regional and country desk level. Our logic implies that the topical Sino-Norwegian dialogue on human rights will be handled by the China office of the Asia desk, and not in a separate department far from the country competence, as is the case today.

A unified Global Department

Side by side with the Regional department we suggest the (re)creation of a Global department charged with managing Norwegian interaction in global institutions. Again, the grouping of such institutions could vary, but for the matter of illustration one model could be to create the following sections: UN politics/human rights, UN development agencies and programs and humanitarian programs, International Financial Institutions (IFIs), WTO/OECD, Environment and Natural resources and relations with non-governmental organizations (NGOs) engaged in development activities (see paragraph on NGOs below).

Given the increased importance of the multilateral arena – both in the new development context but also in the general governance of global issues such as trade and the environment, there is a need to substantially strengthen Norway's ability to operate in multilateral organizations. UN organizations and IFIs are key arenas for Norwegian development- and foreign policy, and the sections managing them need significant strengthening. The integration of today's human resources in NORAD and the MFA should allow for a general strengthening of the human resources allocated to multilateral work, especially by making available – and fostering – special knowledge and skills.

Having a regional and a global department operate side-by-side would enhance the critical need of seeing multilateral and bilateral efforts in a single context. In the integrated model there would be new opportunities to link planning, management and evaluation of these efforts in a common context. The joint regional/global strategy unit (see below) will oversee this integration from headquarters, while a key operational responsibility to link bilateral and multilateral perspectives would rest with targeted personnel at empowered embassies at country level.

A joint staff function for overall policy and strategy

Our proposal minimizes the number of organizational units with no regular line functions, to encourage streamlining and effective delegation. The exception is a central strategic unit reporting to the heads of the Regional and Global departments. This would take on overall strategic tasks such as relations with Parliament, key budget priorities (with Administrative department), preparation and coordination of White Papers and related documents, oversight of the Utstein cooperation process and similar high priority international policy coordination processes involving many ministry departments, and general strategic service to the political leadership. Special coordinators for humanitarian crises and peace processes could also be placed here in order to facilitate the tight interaction with politicians required to make these high priority areas work well.

Handling of human rights, humanitarian affairs and peace processes

Human rights, humanitarian affairs and peace & reconciliation processes have become a key component of Norwegian foreign policy. Our preferred alternative with respect to handling these policy areas is to integrate humanitarian policy and support to humanitarian NGOs in each of the regional sections, although with the key functions of humanitarian and peace process coordinators placed in a staff strategy unit proposed above.

Humanitarian crises – be they created by humans or nature – occur in countries and regions. Handling them demands speed, flexibility and close interface with politicians, but also country knowledge and an integrated perspective on short- and longer-term interventions. The same holds for Norwegian contributions in peace and reconciliation processes. Lessons from the ongoing (April 2003) exercise to assess cumulative experience from such processes should be fed into the organizational anchoring of this demanding policy area.

Strengthening Norwegian human rights policy was a key motivation behind establishing the current Department for Human Rights, Democracy and Humanitarian Aid in 1999. A lot has been accomplished in this area, and our team finds that the time is now ripe for “re-integrating” human rights and (political and economic) governance into the main departments for foreign- and development policy. Bilateral human rights- and governance dialogues should thus be taken care of by the relevant regional/country section (in close communication with the political level), while the mandate for overall human rights (and also to some extent humanitarian) policy would be welcome re-energizers of the UN section of the Global Department. Parts of this portfolio could also be placed in the Legal department, which already has considerable human rights competence.

For reasons of critical mass, policy coherence and streamlining we advocate the integration of these issue areas, presently mainly the prerogative of the Foreign Minister, within the main organizational pillars of development- and foreign policy management. Alternatively, the present Department for Human Rights, Democracy and Humanitarian Affairs could continue as a main section preferably within the Regional Department – again to stress the salience of integration of these issue areas with region- and country competencies.

Relations with NGOs

Norwegian NGOs implement up to 30 per cent of Norwegian bilateral development cooperation; the highest proportion across OECD countries. A considerable part of this is managed through long-term framework agreements administrated by NORAD. Feedback from NGOs and other stakeholders indicate that the NORAD department in charge of this functions well, although we have identified general concerns about the measurement and monitoring of results. Increasingly, there are parallels in the task of managing funding through e.g. UN organizations with those of NGO support. The common challenge is to clarify Norwegian policy priorities and ensure proper results orientation and documentation while at the same time allowing NGOs and multilateral organizations the flexibility needed to maximize their comparative advantage in the fields of global governance and development. Also because NGOs are inherently global in their perspective and not confined to the priority countries for Norwegian development cooperation, we suggest to place this section within the Global department.

The private sector

In NORAD budget lines in support of private sector development are presently managed together with NGO support. This could continue within the section proposed above. Another option would be to integrate support to private sector development with the regional desks. This increasingly makes sense given that the number and volume of traditional (tied aid) global NORAD facilities in this area have been significantly scaled down, while the focus is now more squarely on facilitating private sector development in priority countries for Norwegian development cooperation. A third option could be to introduce a section combining the present NORAD portfolio in this area with relevant MFA functions in support of private sector development and also topical globalization/global governance issues and place it within the Global department.

A joint administrative department

Important efficiencies and savings would be achieved by integrating administrative affairs of today's NORAD and today's MFA. This model would entail a unified system of administration of embassies under the formal authority of the Foreign Minister. Accordingly the 14 integrated embassies that are today administrated by NORAD would join the 6 integrated embassies currently administrated by the MFA.

A section for knowledge management

A central innovation would be the creation of a section for Knowledge Management (KM) to be formally located inside the Administrative department.

This section would build upon the existing Technical Department and the Policy Planning Unit of NORAD, the current Department for Development Policy Cooperation and selected staff with special skills at the MFA. We would recommend a strengthening of analytical capacity in selected areas, including macroeconomics, health and education. In these fields, and possibly in other priority areas, one should consider creating the posts of Chief Advisor, as is the case in strong knowledge-based organizations such as DFID.

Our preferred approach to knowledge generation and management in an integrated ministry would be to keep the chief advisors within the knowledge management section, while placing most of the expertise in the main operational units – the regional desks and UN, IFI and environment/natural resources sections of the global department. The chief advisors would then serve the key role as network managers; nurturing knowledge networks in thematic areas such as education and macroeconomics. Administratively, experts located in operational sections (e.g. the Africa desk) would report to the head of that section, while at the same time belonging to a knowledge network coordinated by the respective chief adviser in the knowledge management section. The knowledge management section should also be in charge of managing framework agreements and relations with external knowledge groups.

A section for Performance Management and Financial Control

In line with the result based management approach discussed in previous chapters, we suggest establishing a section responsible for developing and implementing systems for results-orientation and financial control in the development administration. The section's work needs to be closely linked with other sections in the Joint Administrative Department (especially the Financial management and budget section and the HRM section) and with the Strategy staff unit linked to top management in the Regional and Global departments.

The section should primarily have a management focus and its main function should be to oversee and initiate actions concerning planning, performance monitoring and management and the utilization of the results information. The section should have competence and capacity on results-based management, evaluation and financial control, and be equipped to carry out reviews, do in-house analyses and commission tasks to external experts. The present evaluation unit should be integrated into this section, complementing the close day-to-day performance review culture with systematic long-term assessment of key priorities and country-level performance. The latter would increasingly be done in close coordination with like-minded donors.

A unified Information section

The integrated ministry would allow for the creation of an information section that would facilitate a unified information policy for all parts of Norwegian Foreign and International Development Policies.

The section would integrate today's information department at NORAD that would continue to serve long-term information needs linked to Norway's international development policies. More and not less attention will have to be given to information activities, in order to ensure a comprehensive and lively interface with civil society and continued society-wide support to Norwegian development policy. A management reform as entailed in our main recommendation would present a good pretext to develop an overall information strategy for the Ministry of Foreign Affairs, strongly focused on the development dimension.

5 A discussion of the models towards integration

In a discussion of the two alternative models we revert to the benchmarks used in our discussion in chapter 3. Overall, our analysis leads us to a firm recommendation that model B, the Enhanced Ministry is the preferable option, see Annex 3.

An organization directed at results at country level

At the outset both models hold the potential for improving a unified focus at results at country level.

Models A and B are based on a continued but intensified delegation of responsibilities to the embassies. Although both models build on decentralization to the embassy level, an additional delegation will go from the MFA to NORAD in Model A. In Model B the emphasis is put on better working processes inside the ministry and a unified delegation to the embassies.

On the one hand, perspective Model A would facilitate a cleaner development focus in the dealing with embassies, as NORAD would hold a more comprehensive portfolio (than today) vis-à-vis the embassies. On the other hand, as we have argued throughout the report, the division between issues of a strictly development nature and traditional political issues is less apparent and even counter-productive in the new development context. Despite a more systematic anchoring of implementation responsibilities in NORAD, the potential confusion between where issues belong would persist.

An organization that facilitates strong strategic and policy capacity and that cooperates strategically and coherently with key stakeholders.

We have pointed to the separation between NORAD and the MFA as a source of fragmentation that limits the ability to develop a strong and focused strategy throughout the organization.

Model A would anchor more of the responsibility for the implementation of programs and policies in NORAD. But the new development context will continue to impose an increasing number of interactions by political and administrative representatives of the MFA. Development policy will, to a larger extent, be articulated as an integral part of Norwegian foreign policy. Maintaining two separate arms of the development administration will weaken the ability to develop, manage and implement policies within a common strategic framework.

One area where this is apparent is in the coordination between the multilateral and bilateral fields. In model B, the gathering of the multilateral arenas into one global department would help both the Foreign Minister and the Development Minister to focus on the critical role of governance in the age of globalization. It would also help the political leadership to focus on coherence of different international processes.

Having a global and a unified regional department operate side by side would also provide an opportunity for seeing the clear links between multilateral and bilateral efforts.

It must be stressed, however, that organizational structure is in itself not sufficient to reap the benefits of closer coordination. It must—here as in many other parts of the functioning of Model B—be built on a shift in working methods inside the MFA towards flexibility in working across departments and sections and in building culture for stronger formulation and follow up of strategic and policy capacity.

Seeking stronger integration inside an enhanced NORAD according to model A would create a further arms-length to the political level in the MFA. Theoretically this would limit today's frequent and often uncoordinated interventions by MFA at a political and administrative level into NORAD's affairs.

But the result could also be the opposite. As development cooperation becomes increasingly more political by nature there would continue to be a strong pull towards intervention and even micro management from the MFA, despite the concept of one yearly letter of delegation. International development cooperation is increasingly seen as an integral part of Norwegian external policies, both when it comes to urgent matters such as humanitarian crises but also when it comes to broader policy issues such as globalization and poverty alleviation. The political level will wish to keep a tight focus and control on these matters.

In our study of other development organizations we have been attracted by the effectiveness and unity of purpose of coherent organizations (Denmark, Netherlands, DFID). These organizations seem to manage cultural integration as well as strategic coherence throughout the organization better than divided organizations. In particular DFID stands out as an organization with very clear and transparent strategic objectives. These objectives are pursued throughout the organization and facilitates the setting of clearer priorities and greater unity of purpose.

Some have advocated a solution inspired by the division of work and responsibilities in the Swedish system. Here, Sida operates with extensive delegations from the MFA, it coordinates development assistance outside the ODA area and operates on behalf of Sweden in a number of multilateral contexts.

We consider the Swedish experience to be of relevance and we have closely studied its origins and modus operandi. The Swedish arrangement, however, must be read against the background of the century-long Swedish tradition of separation of responsibilities between ministries and authorities. On a broad basis Sweden has small ministries operating as political secretariats and large delegations to specialized authorities. A Swedish minister is not constitutionally responsible as such, it is the responsibility that is held by the government. The

Norwegian history and practice are different, with more operational responsibility enjoyed by ministries and ministers. It should also be added that although delegations are extensive, the Swedish system also suffers from fragmentation and duplication. At country level Sweden is still often perceived to carry two hats; through the Sida representative and the ambassador, thus creating a source of ambiguity.

An organization with effective planning, resources allocation and performance management

An effort to develop a more coherent results-based system for planning, resource allocation, monitoring, evaluation, feedback and learning is a necessity no matter what model is chosen.

The unification of the home administration in model B could open for a more coherent system and a closer link between the different management, planning, follow-up, evaluation and reporting functions, than model A allows for. Model A requires two separate systems; in MFA and in NORAD, which is more vulnerable when it comes to clear division of responsibilities. Problems in this case would increase the more operational activities (e.g. humanitarian affairs) are retained within the MFA.

In our view, the current discussion on results-orientation within the development community tends to be a bit too ambitious in the belief of a rational results-based system. Realism, strategic perspective, and sufficient management authority to assess, and deal with risks is necessary. We believe model B has greater potential in this respect.

A flexible knowledge-based organization with adequate human resource management

In both models an emphasis is put on the need for assembling technical expertise and making this pool of knowledge available to all parts of the organization. Concentrating on critical mass in competence is essential for a small country featuring a comparatively large development budget and ambitions to make a difference in global development efforts.

In model A embassies will be well served by grouping a knowledge center at NORAD. The same goes for the regional departments of NORAD that will follow up the embassies from Oslo.

The weakness of this approach remains the exchange between NORAD and the MFA and the need to make necessary knowledge available to the whole of the organization. In chapter 3 we describe how MFA suffers from a too thinly spreading of expertise and we emphasize the need for updated knowledge in order to seize opportunities and provide high quality policy input to multilateral and political forums.

Previous attempts to create a common knowledge pool between the MFA and NORAD have not worked well. We see a clear potential for making more out of the knowledge resources by operating within an integrated organization. In model B this would require a special focus on how such a knowledge center operates and

makes itself available to the relevant parts of the organization. It would also require a rethinking of how the MFA relates to other ministries and external poles of expertise. DFID has recently focused on its own knowledge management and the need to work in a flexible manner. A comparative study on knowledge management approaches in like-minded countries could be of great use and inspiration.

Human resource management can be facilitated in model A as NORAD would be empowered to consider the management of development competencies needed in Oslo and at embassy level. However, as embassies are now integrated and the nature of work at the country level has clear links to both the traditional MFA and NORAD parts of the organization, there could be an additional opportunity in seeing the total human resource needs of the entire development organization.

An integrated model within the MFA as suggested in model B would have to take due account of the special needs of maintaining and nurturing special skills for development cooperation. The administration of the embassies is the responsibility of the Foreign Minister. Implementing model B would require a pragmatic collaboration with the Minister for International Development in order to secure that development skills are properly reflected in the staffing of embassies and delegations.

A lean and streamlined organizational structure

Both models could provide a leaner structure by a clearer articulation of division of labor and responsibilities and not least by a clearer focus on delegation to embassies.

Being lean would also imply a certain transfer of staff from Oslo to country level. The potential for such transfer would be less than 1-1 as postings abroad normally are more costly and would have to be implemented over a certain time span.

In this context we see clear advantages in pursuing model B. The wide area of duplication and fragmentation described in Figure 3.5 can only be fully addressed by full integration. At the outset we accepted that overlap and even some fragmentation could be acceptable if they stem from a structure that provide a greater good. With the increasingly political dimension of development cooperation we believe that it cannot be justified to run two parallel administrations with two parallel desk systems next door in Oslo, to a large extent carrying out assignments of a similar or strongly related nature.

True, model A, if fully implemented, will reduce some of the overlap in management as well as knowledge- and strategy terms. Still, there will be regional desks in MFA covering developing countries, and quite a level of development expertise is required to maintain a meaningful policy and oversight role. As such, the parallel structures identified in Figure 3.5 will continue to exist, only with a shift in power on some dimensions to NORAD.

Integration inside the MFA will make a large ministry even larger. Many MFA staff have expressed concerns about the MFA being too large already. We have also stressed the need for simplification of working methods in a ministry known for internal fragmentation and many layers of decision and we have been

reminded by staff that there are different cultures and traditions in the MFA and in NORAD.

The MFA is in need of improved structures and working procedures, but this cannot in itself be a barrier to integration. Rather this observation must trigger the necessary reforms in the way the ministry operates. Size is in itself a relative notion. Already, the Administrative department of today's MFA is larger than the entire Ministry of Fisheries. We believe that an increase in the number of staff can be managed in a streamlined MFA structure with clear lines of delegation.

There are cultural differences between NORAD and the MFA. Some of the cultural specificities should be welcomed and stimulated. Inside an integrated ministry one should cater to the development aid expertise and experience brought by NORAD staff. But in today's integrated development context, accepting the notion of a fundamental cultural divide between two neighboring organizations in charge of the same policy is in itself a sign of the inherent weakness of the existing division of work.

This underlines that the MFA has organizational challenges that should be approached regardless of models A and B. In such a process of organizational change and change of working methods we see a potential in striving towards the potential inherent in model B.

Finally it can be argued that bringing together policy formulation and implementation under the same roof may create complicated interactions. Again we return to the specific characteristics of the new development context. Policy formulation and implementation remain two separate exercises but they have become so closely linked that they would mutually benefit from a very close interaction that only full integration can provide.

The change process

One important challenge for any process of implementation is imbedded in the cost of change. Any process of change involving a modification of organizational structures raises questions of transaction costs, change management process and staff involvement and motivation.

In our analysis we have paid special attention to this. The Norwegian Development Administration, although unified around common general goals, is characterized by the articulation of different cultural expressions, especially between the MFA and NORAD. Some, especially among senior NORAD officials, have cautioned against changes that would modify the current status of NORAD in fear of dilution of professionalism and cultural belonging. However, the general impression from interviews with staff, also in NORAD, has been to focus more on the practicality of recommendations than on the current division of labor.

At the outset we gave priority to options that would not require any significant change in organizational structures. As we emphasized in our discussion at the beginning of this chapter we have concluded that such options would in and of themselves fail to address the fundamental challenges. In the staff survey, 70 per cent of all staff expressed the view that policy coherence is highly dependent on organizational structures.

We are, however, aware of the particular challenges related to a process of change that would imply the creation of an integrated structure on the basis of today's divided administration. For such a process to succeed there is a need to set aside the necessary attention and resources to succeed a process of implementation.

This process would have to pay special attention to the following dimensions:

A modernized MFA

A precondition for succeeding with an integrated model is to modernize important parts of the MFA. Much of the perceived skepticism against a closer integration with the MFA from senior NORAD staff stems from a frustration about fragmentation and unclear delegation and decision-making procedures at the MFA. A first step in the implementation process should consist of presenting a step-by-step plan for changes of the relevant parts of the MFA and to designate senior staff to assist in working out the mandate and the manuals for the new departments and sections.

Making the best of excellence

In specifying tasks and modus operandi of the integrated administration one should depart from experiences of best practices in today's structure. The integrated model is not about merging one part into another, it is rather about improving the administration based on existing and future excellence.

Participation, involvement and ownership

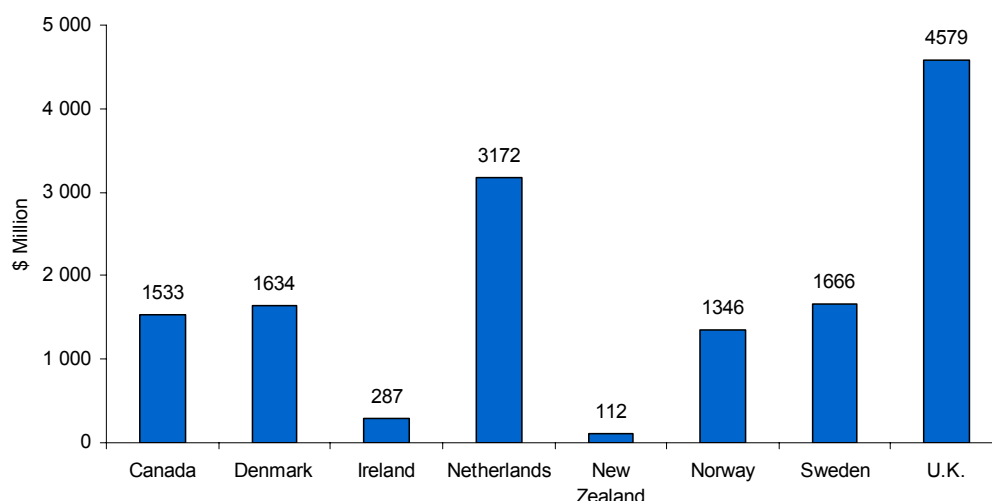
It is critical to secure involvement and ownership by all staff. We recommend that further detail of the integration be elaborated by a reference group consisting of representatives from the MFA and NORAD, possibly managed by the existing steering group overseeing this evaluation. This should include an outline of mission statement and working procedures of the relevant parts of the integrated administration as well as the adoption of a progress plan for the implementation with benchmarks and realistic time limits. Special attention should be devoted to handling queries from staff.

Change management

Resources should be set aside to properly guide the implementation of the change process. Special attention should be devoted to assist management in keeping the process on track, assist the new departments to focus on new assignments and assist in implementing the new delegations to embassies.

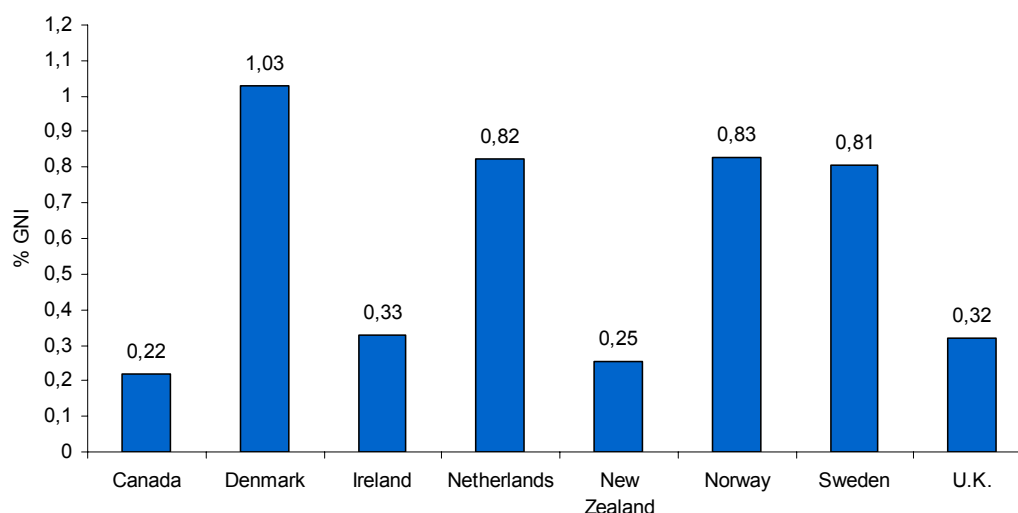
ANNEX 1: Key figures on Norwegian Development Cooperation

Figure A.1 Net ODA from Selected DAC Countries to Developing Countries & Multilateral Organisations (Total \$), 2001
Net disbursements at current prices and exchange rates



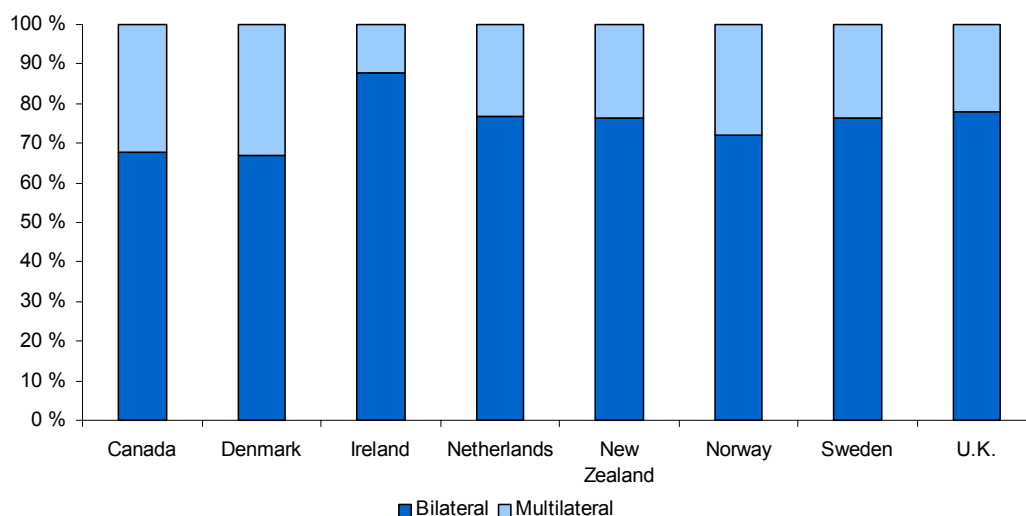
Source: OECD 2002 Development Co-operation Report: Statistical Annex Table 4

Figure A.2 Net ODA from Selected DAC Countries to Developing Countries & Multilateral Organisations (Total as % of GNI), 2001
Net disbursements at current prices and exchange rates



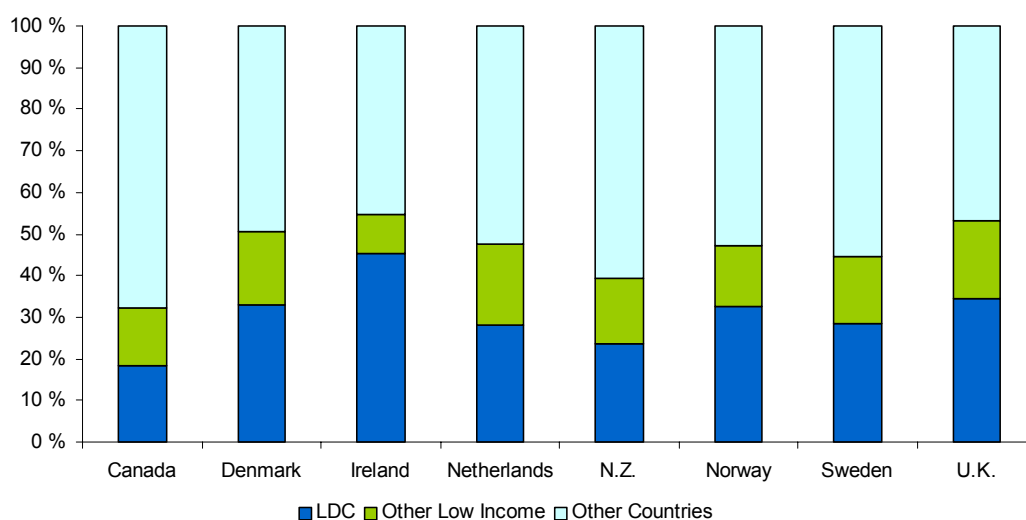
Source: OECD 2002 Development Co-operation Report: Statistical Annex Table 4

Figure A.3 Bilateral / Multilateral Split of ODA to Developing Countries for Selected OECD-DAC Countries, 2001



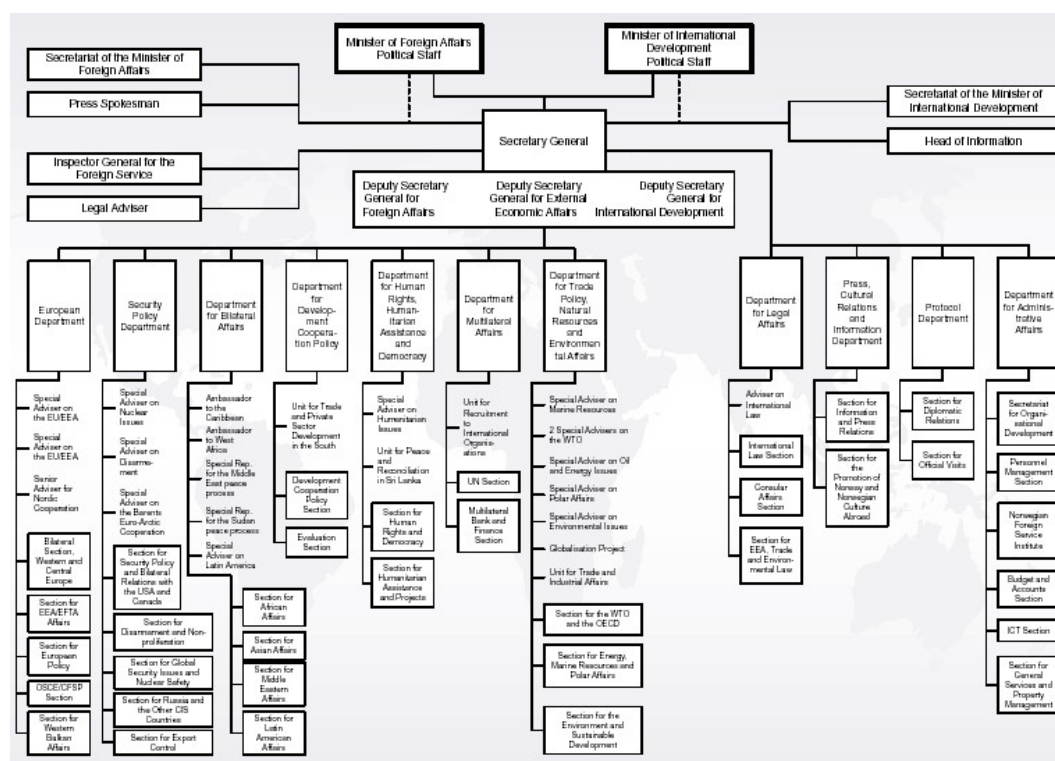
Source: OECD 2002 Development Co-operation Report: Statistical Annex Table 7

Figure A.4 ODA to Developing Countries by Income Group for Selected OECD-DAC Countries, 2001

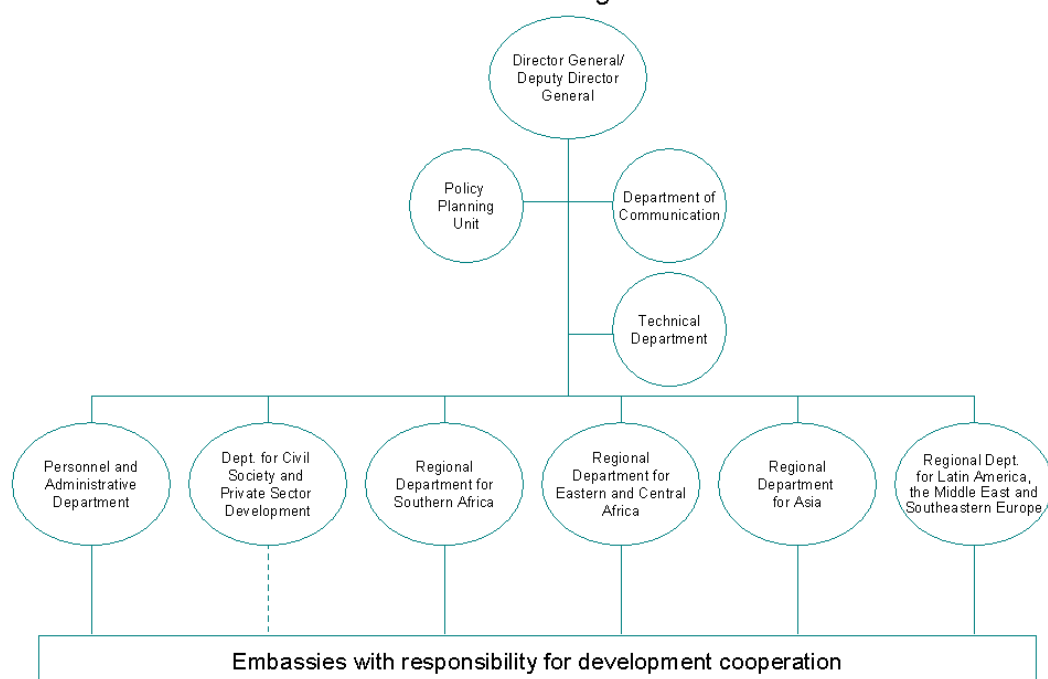


Source: OECD 2002 Development Co-operation Report: Statistical Annex Table 7

ANNEX 2: Organization charts for MFA and NORAD

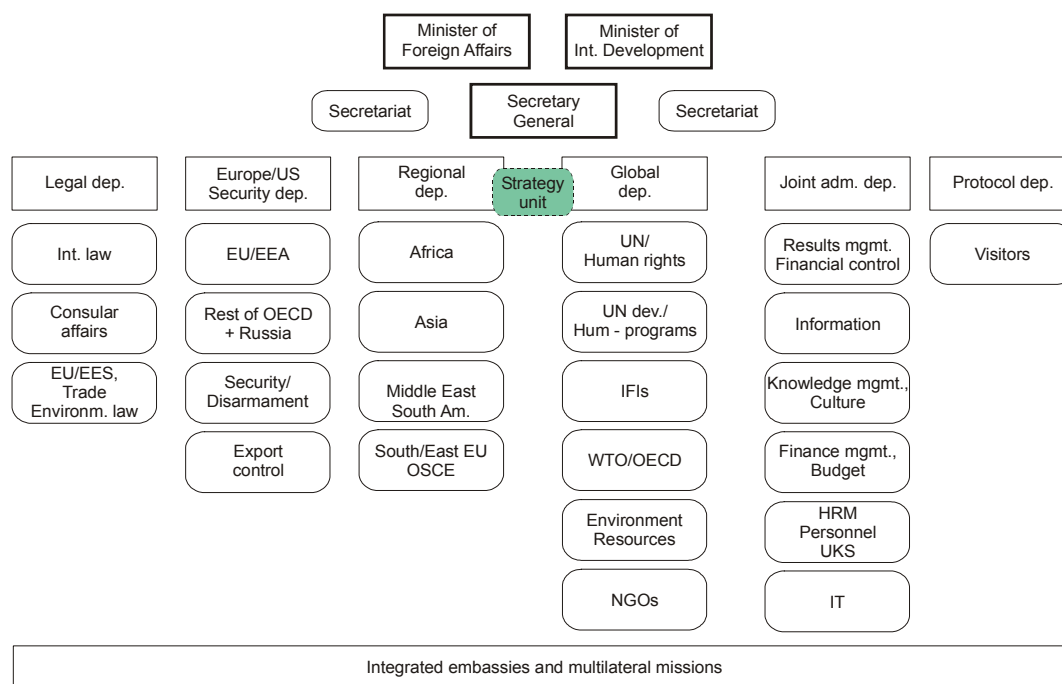


The NORAD Organization



February 2001

ANNEX 3: The Enhanced MFA approach



ANNEX 4: Organizational change in Ireland

In February 2002 the Irish Aid Review Committee presented its recommendations for the future direction and organization of Ireland's development cooperation program. The review took place against the background of the Government's decision in 2000 to reach the 0,7% ODA target by 2007.

Organizational solution chosen

- A Development Cooperation Directorate or (re-designating an existing) Division (known as «Ireland Aid») within the Department of Foreign Affairs.
- A new 9-person Advisory Board of Ireland Aid (ABIA) charged with providing general oversight and provision of advice to the Minister and senior management of the strategic direction of the program, review evaluations and supervise periodic general reviews. Membership comprising people with aid expertise and experience.
- ABIA to be supported by senior official and adequate general and research staff working closely with Ireland Aid.
- Other recommendations include upgrading senior management positions, measures to enhance policy coherence, increased staffing, establishment of a dedicated NGO liaison unit and a policy unit within the Ireland Aid unit.
- Committee underlines the importance of Ireland Aid creating a distinct identity and profile to encourage public awareness and support.

Strengths and weaknesses of the preferred model

Strengths include best reassurance of policy coherence, coherence between bilateral, multilateral and emergency/humanitarian aspects of an aid program, close fit between policy formulation and implementation, direct access and reporting to political decision-makers, provides diplomatic expertise, economies of scale, coordination requirements.

Weaknesses include staff shortages, discontinuity caused by rotation of diplomatic personnel, managerial inflexibility, and that the model does not in itself involve representatives of the broader community in the strategic direction and oversight of the program.

Other models considered

- An integrated MFA: Could provide improved coherence, but does not offer easy solutions to staffing and staff management issues, the decision-making process considered cumbersome.
- An autonomous aid ministry: A number of attractions from a development perspective, however could create new problems in terms of coherence, could lead to competitive tensions with MFA, considerable resources/time needed for coordination/reconciliation, difficulties related to Irish Constitution.
- Policy Ministry with separate implementing agency: Greater operational freedom in certain respects, can involve people with a broad range of expertise and experience. However, structural problems associated with the public service would persist, would require significant duplication in MFA of elements in the agency, time-consuming coordination requirement would arise, as well as possible competitive tensions.
- Multiple Ministries, with a separate implementing agency requires a greater than normal effort to ensure coordination, managerial and policy coherence difficult.

Relevance for the current review

The context for the Irish review is the decision to reach the ODA target, and development policies, which generally are well in line with Norwegian aid policies. The models considered are generally the same as those relevant to the Norwegian context. However, there are differences with regard to public management traditions, and some specific requirements in the Irish Constitution. Ireland has traditionally been a much smaller provider of ODA than Norway. As the Irish program expands, a need has been identified for a larger and strengthened development administration, and a strong need for improving awareness and public recognition of the role and importance of the Irish development assistance. This contrasts with the situation in Norway where the size of the administration generally is considered sufficient, and where there has long been solid public support and awareness of development cooperation issues. It is worth noting that the Irish review considers that it is possible to combine an organizational solution within MFA with a need for a distinct identity and profile for Irish Aid.

ANNEX 5: Organizational change in New Zealand

New Zealand in 2001 reviewed its development aid policies and administration. The consideration of organizational solutions took as its starting point a comparison with the Australian AusAID.

Organizational solution chosen

- A new semi-autonomous body (SAB) attached to the Ministry of Foreign Affairs and Trade (MFAT).
- The SAB to be headed by a top executive appointed by, and reporting to, the Secretary of Foreign Affairs and Trade.
- A separate performance agreement consistent with the Governments strategic directions for foreign policy and ODA.
- All other staff appointed by the head of the SAB; human resource policies and pay scales internal to the SAB
- The SAB to have shared service arrangements with MFAT domestically and offshore
- The SAB should have the responsibility to provide ODA policy advice directly to ministers; including strategic direction and leadership on policy and operational matters.
- Procedures for consistent approach across Government on ODA and core government standards, and ensure the need to work cooperatively at both the policy and operational levels.

Strengths and weaknesses of the chosen model.

- Strengths include that the model was considered to facilitate the emergence of a distinctive organizational culture focused on ODA and the objective of poverty elimination while MFAT will continue to have responsibility for furthering New Zealand's national interests. It would also facilitate policy transparency, specialist ODA skill sets and customized management policies and systems.
- Weaknesses were that the model is heavily dependent on the quality of the SAB leadership, the Secretary of MFAT, and well-understood protocols about demarcation and consultation processes. The model may create some blurring of accountability in that while the secretary remains legally and ultimately accountable for the performance of the SAB, de facto accountability for all the policy advice, operations and internal management rests with the head of the SAB. The model may contain some additional costs.

Other models considered

- A division/business unit integrated with MFAT. It was considered that this model would facilitate policy coherence. However, it would carry a higher risk of confusion of objectives and focus. A dedicated focus on ODA is less likely, and utilization of generalist diplomatic staff for aid strategy and policy, contract management and evaluation activities was considered unsatisfactory
- A new stand-alone department. Clear accountability, easier relation to some stakeholders (NGOs), but not necessarily others (partner governments and regional organizations). Substantial additional costs. A new department runs counter to the Governments concerns to avoid fracturing of the Public Sector.

Relevance for the current review

The New Zealand review is not based on a comprehensive review of the new context for development policies (such a review has been announced). New Zealand's ODA is one twelfth of Norway's ODA and a major concern in the review is the need for a separate focus and identity for New Zealand's ODA because it was felt that without a suitable organizational structure this policy area may be drowned out by foreign policy and trade issues. Such considerations may not have the same relevance in the Norwegian context, given the differences in size. However, the analysis covers a number of issues that are also highly relevant for the current review relating, such as coherence, generalist versus expert competence, human resources management, communication, resolution of clashes of objectives and policy advice and the relationship to other stakeholders.

ANNEX 6: Terms of Reference

Background

The Ministry of Foreign Affairs is to undertake a review and evaluation of the organizational apparatus for development cooperation policy. The review will be based on the Government's action plan for combating poverty in the South towards 2015 and on the Government's project for modernizing the public sector and making it simpler and more effective.

The action plan refers to the UN Millennium Development Goals, which were adopted by the Millennium Assembly. Special emphasis is given to the goal of halving absolute poverty by 2015, which is an overriding goal of Norwegian development cooperation policy, and the Action Plan sets out guidelines for how Norway can help to achieve this goal.

An important part of this approach is that Norwegian development cooperation policy and development assistance should be based on the partner country's own plans and priorities for fighting poverty. Both bilateral and multilateral efforts are to support the partner country's poverty-oriented development policy. The action plan states that development assistance is and will continue to be an important tool in the fight against poverty. But it is equally important that framework conditions for debt, trade, private sector development and growth are improved and that the developing countries themselves pursue a poverty-oriented development policy.

The focus of all policy must be directed at the results at country level. There must be coherence and consistency between Norwegian development cooperation policy and Norwegian policy in other areas. Although the organization of development assistance will vary from country to country, the approach and working methods must be guided by a number of overriding principles. This applies not least to how Norway views its role as a partner in government-to-government cooperation and the way in which Norway seeks to influence the international donor community in the individual country. It also applies to Norway's participation in and cooperation with multilateral organizations and institutions.

International development cooperation will increasingly become a political process in which development assistance is only one of several instruments, alongside trade, debt, the macroeconomic policies of the international finance institutions and the economic policies of our partner countries. Such a coherent approach requires an administration with expertise and structures that can continue to work on general structural matters alongside efforts to achieve goals in key sectors such as health, education and private sector development, but in a more cross-sectoral framework than is the case today. Such an approach requires, among other things, the ability to combine economic insight with an understanding of national political, social, cultural and institutional processes and of how national, regional and global processes act and interact.

It also requires sound development assistance work at country and regional levels, with clear lines of responsibility and clearly defined roles, the necessary technical and administrative support from the apparatus in Norway and effective utilization of external experts. This is important i.a. to ensure the effective and technically sound management of the allocated resources.

The evaluation and review should include all the areas financed over the development cooperation budget within the framework of the current division of responsibility between the Minister of Foreign Affairs and the Minister of International Development.

Main elements

This review of development cooperation will be based on an evaluation of the way the development cooperation budget and development assistance are currently administered, including the way they are administered by NORAD, the Ministry of Foreign Affairs and the foreign service missions on the basis of the objectives that are outlined below.

Those conducting the evaluation should draw on the experience of other donor countries and development actors and how they are structuring their administration.

The evaluation should result in concrete proposals for ways of modernizing development cooperation work and making it more effective.

The purpose of the review

The purpose of the review and evaluation is to facilitate:

- modernization of the administration of development cooperation, so that the organizational framework and administrative routines are adapted to development cooperation policy objectives, particularly those set out in the action plan for combating poverty;
- improved effectiveness, by adapting it in accordance with the standards of results-based management and performance monitoring, so that fewer resources are used on a hierarchical administrative system and more resources on the poor at country level;
- simplification and decentralization, by assessing whether it is necessary or desirable to maintain all the current levels and structures and whether greater responsibility and more tasks should be delegated to the foreign service missions.

Premises and criteria

Norwegian development cooperation policy and development assistance administration must be conducted in accordance with the political goals set out in the action plan for combating poverty, and adapted to the recipient country's national priorities, decisions made by the governing bodies of multilateral development organizations and the need for better donor coordination.

In order to achieve these goals, it is important that the review leads to recommendations for an organizational design that:

1. Ensures that the goals of the action plan and the modernization project are implemented as effectively as possible
2. Takes account of policy-making, implementation and performance monitoring and the required reporting to the Storting with a view to ensuring the effective use of the development assistance budget
3. (organizational objectives)
 - has the institutional capacity for long-term strategic thinking and for flexibility and rapid adjustment, and
 - has clear and effective lines of responsibility and minimal overlapping of functions, and the necessary mechanisms for coordination and cross-disciplinary approaches,
 - identifies and assigns responsibility for core functions in development cooperation policy at the right level of the organization,
 - makes effective use of information from all parts of the system in the devising, implementation and follow-up of a coherent development cooperation policy, both internally and externally.
 - ensures that the development assistance budget is managed and followed up in an optimal way from a development assistance perspective,
 - promotes institutional learning and management of competence, with a competence profile adjusted to the development goals and policies set out in the documents referred to above .
 - ensures optimal utilization of human resources and an inspiring working environment for the individual employee,
 - is transparent for external partners in development cooperation to facilitate communication, i.a with civil society.
 - is adapted to the reorientation of development cooperation (from project to programme, sector and/or budget support, donor coordination, co-financing, etc.
 - is adapted or “matched” international trends among development actors in order to facilitate developing forms of organization, cooperation and coordination.

Issues

On the basis of the above, external consultants are invited to submit a tender for:

- a solution-oriented evaluation and review of the current organizational structure in accordance with the goals set out above,
- an assessment of organizational solutions, forms of cooperation and working methods for the organization that are tailored to the new challenges.

Under the Action Plan for combating poverty and the Government’s modernization programme a stronger focus should be placed on the country level and a more integrated approach to the devising and implementation of policy. This means that the evaluation team will have to examine a number of concrete problems and make proposals that can lead to:

- A more effective administration, for example by simplifying and decentralizing it so that more resources reach the partners and target groups

of our development assistance (cf. also the action plan and the purpose of the review)

- A better capacity for technical and political dialogue on national poverty reduction strategies and their implementation with the authorities, civil society and the business community.
- Greater country knowledge and analytical capacity at missions abroad and access to policy and support functions in Norway.
- A greater capacity for cooperating with other bilateral and multilateral donors and Norwegian NGOs and companies.
- Matching the recipient's need for expertise with the expertise Norway has to offer and optimal organization of the cooperation between the missions abroad and the organizational set-up in Norway, including technical and administrative support functions.
- Clearer lines of responsibility for policy, division of tasks, management functions, (including results-based management) , implementation, reporting, oversight, monitoring and evaluation.
- A structure for dealing with information and contact with the media which meets the general public's need for information on Norwegian development cooperation policy and administration.
- Making use of experts outside the development cooperation community in the Foreign Ministry/NORAD and ensuring optimal coherence in Norwegian development cooperation policy.
- Ensuring better coordination of bilateral and multilateral forms of cooperation, both at country level and in relation to governing bodies.

Organization

The review is to be carried out by an external consultant selected on the basis of an international advertisement in accordance with this mandate.

The review is to be carried out in cooperation with a steering group in the Ministry of Foreign Affairs headed by the Deputy Secretary General responsible for International Development and including representatives of NORAD and the employees' organizations. The Ministry expects to appoint a project leader who will be given responsibilities i.a. for liaison with the consultant. Mechanisms for dialogue with selected foreign service missions will be established. It is important that the process is open and inclusive, with regular information meetings with the employees and with others in the Foreign Ministry and NORAD who are affected. The modalities of this cooperation will be agreed when the contract is concluded.

The steering group is to approve the choice of consultant and will consider the consultant's final report. During the process the consultant is to regularly inform the steering group on the progress of the review. The drafting of proposals for organizational changes is to take place in consultation with the steering group.

The Deputy Secretary General and the project secretariat are available for more information about the assignment.

Methods

The consultant should use relevant available material and obtain new material through interviews and seminars. A survey of the views of actors in the development cooperation field affected by the process will be considered.

Information should be obtained from employees in the Foreign Ministry and NORAD and from employees at foreign service missions in three developing countries and at multilateral missions. Information is also to be obtained from representatives of the same three developing countries, one of the countries in the Utstein group, other Nordic countries, the World Bank and UNDP. Information is also to be obtained from relevant Norwegian ministries, NGOs in Norway, Norwegian companies and other relevant sources. During the process, seminars may be held on relevant issues, if relevant to advance the process.

The consultant is to prepare a report of no more than 40 pages. The consultant is responsible for the quality of the report, for the correctness of the information in the report and for the assessments, conclusions and recommendations of the report. The consultant shall also provide documentation and append to the report information obtained during the review and used as a basis for the report. The report is to be presented to the steering group as a draft. The group will then verify that the report is in accordance with the terms of the mandate.

Time schedule

1. The mandate will be ready on 15 June 2002 and will be advertised with a deadline for tenders on 15 August.
2. The consultant will start work in early September.
3. The consultant is to present a progress plan for the evaluation within the framework decided by the steering group.
4. The consultant's report is to be completed by 15 January 2003.
5. The steering group will consider the report and forward it to the Minister of Foreign Affairs and the Minister of International Development.

The consultant

The consultant must have a broad range of expertise and experience. It is essential that the team include people with a good understanding of organizational design and process evaluation, knowledge of the Norwegian administration, including development assistance administration, and good insight into development cooperation policy in general and development assistance in an international perspective. Emphasis will be given to international experience and expertise in evaluating development assistance activities. The consultant must have a good command of English and Norwegian.

ANNEX 7: Evaluation team

- Charles Lusthaus, Universal Management Group, Canada
- Marie-Hélène Adrien, Universal Management Group, Canada
- Arild Hauge, Independent, Oslo
- Henrik Lindhjem, ECON
- Jonas Gahr Støre, ECON
- Leiv Lunde, ECON
- Per Øyvind Bastøe (Project Manager), ECON
- Sarah Ladbury, Social Scientist, UK
- Frans L. Leeuw, Ass.Professor, University of Utrecht (Advisory Group)
- Therese Hindman Persson, ECON Sweden (Advisory Group)
- Jørgen Abildgaard, ECON Denmark (Advisory Group)
- Tom Chistensen, Professor, University of Oslo (Advisory Group)

ANNEX 8: Institutions and persons consulted

Name	Department/Affiliation
NORAD, Oslo	
Eikeland, Else Berit	Department for Civil Society and Private Sector Development
Gaustadsæther, Thorbjørn	Policy Planning Unit
Harboe, Henrik	Technical Department
Haukland, Semund	Technical Department
Karal, Eva	Technical Department
Lomøy, Jon	Regional Department for Southern Africa
Masst, Mette	Technical Department
Solheim, Harriet V.	Regional Department for Asia
Steen, Sidsel Hodne	Technical Department
Stoll, Inger K.	Policy Planning Unit
Strand, Tove	Director General
Sørum, Rolf Erik	Personnel and Administrative Department
Versto, Astrid	Department of Communication
Vigtel, Terje	Personnel and Administrative Department
Ministry of Foreign Affairs, Oslo	
Barstad, Terje	Department for Administrative Affairs
Bendiksen, Randi K.	Press, Cultural Relations, and Information Department
Bjelke, Gunnar M.	Department for Administrative Affairs
Blokkhus, Bjørn	Department for Administrative Affairs
Braathu, Jan	European Department
Dale, Svein Åge	Department for Development Cooperation Policy
Frafjord Johnson, Hilde	Minister of International Development
Fredheim, Randi	Department for Administrative Affairs
Frøysnes, Torbjørn	Department for Trade Policy, Natural Resources, and Environmental Affairs
Glad, Ingrid	Department for Multilateral Affairs
Grutle, Åge	Department for Multilateral Affairs
Gaarder, Andreas	Department for Administrative Affairs
Haugstveit, Nils	Department for Development Cooperation Policy
Helgesen, Vidar	State Secretary
Hildan, Tor Christian	Department for Bilateral Affairs
Hopland, Bård	Department for Multilateral Affairs
Jacobsen, Elisabeth	Department for Bilateral Affairs
Jansen, Eirik G.	Department for Development Cooperation Policy
Kamsvåg, Nils R.	Department for Bilateral Affairs
Kjemprud, Jens P.	Department for Bilateral Affairs
Kløvstad, Unni	Department for Multilateral Affairs
Kongstad, Steffen	Department for Human Rights, Democracy and Humanitarian Aid

Lindberg, Trond F.	Department for Multilateral Affairs
Lindstrøm, Bjarne	Secretary General
Namtvedt, Leidulv	Department for Administrative Affairs
Ollestad, Ann	Press, Cultural Relations, and Information Department
Seim, Olav H.	Department for Multilateral Affairs
Seljegard, Hans Otto	Department for Administrative Affairs
Selvaag, Per E.	Secretariat of the Minister of International Development
Skogmo, Bjørn	Deputy Secretary General
Sletbak, Jo	European Department
Stormark, Kåre	Press, Cultural Relations, and Information Department
Sæther, Svein	Department for Human Rights, Democracy and Humanitarian Aid
Traavik, Kim	State Secretary
Wesberg, Tove Bruvik	Department for Development Cooperation Policy
Wiig, Aud Marit	Department for Bilateral Affairs
Ministry of Defence	
Lunde, John	Secretary General
Ministry of Labour and Government Administration, Oslo	
Aukre, Erik	Modernisation Unit
Overholdt, Thorbjørn	Modernisation Unit
Stenseth, Emma	Modernisation Unit
Other institutions, Norway	
Angell, Valter	Norwegian Institute of International Affairs
Blaalid, Jon	Directorate for Communication and Public Management ("Statskonsult")
Disch, Arne	Scanteam
Engseth, Per	The Office of the Auditor General
Kvakkestad, Eirik L	The Office of the Auditor General
Lindøe, Per E	Director, NORFUND
Tronsmo, Per	AFF
Country visit, Zambia	
Chizyuka, Richard	Director of Economic and Technical Cooperation Department, Ministry of Finance and National Planning
Hugenuin, Bert	First Secretary, Royal Netherlands Embassy
King-Akerele, Olubanke	Resident Co-ordinator of the UN system
Knudsen, Mette	Danish Embassy
Kuhnel, Kristine	Swedish Embassy
Lesteberg, Halvard	Ambassador, Norwegian Embassy
Mealins, Helen	DFID
Musenge, Joyce	Zambian MFA
Nesvåg, Stein Inge	Regional Department for Southern Africa, NORAD
N'gombe, Assan	UNDP
Nyamazana, Mushiba	World Bank
Nyanin, Ohene Owusu	World Bank
Olsen, Arne	Minister Counsellor, Norwegian Embassy
Stockwell, David	High Commissioner for Canada

Country visit, Sri Lanka	
Aksland, Markus	Save the Children in Sri Lanka
Bermeo, Miguel	UN Resident Co-ordinator
Brattskar, Hans	Appointed next Norwegian Ambassador
Cooney, John R.	Asian Development Bank
Cooray, Sujatha	Department of External Resources, Sri Lanka Ministry of Finance
Fallenius, Ann Marie	Swedish Embassy
Harrold, Peter	World Bank
Kubberud, Tor	Counsellor, Norwegian Embassy
Lægereid, Oddvar	Minister Counsellor, Norwegian Embassy
Tardif, Christian	Canadian High Commission
Thorpe, Penny	DFID
van Dijk, Harry J.J.	Netherlands Embassy
Westborg, Jon	Ambassador, Norwegian Embassy
Country visit, Mozambique	
Barbosa, Clarisse	Norwegian Embassy
Dewar, Robert	High Commissioner of the United Kingdom
Eklund, Jenny	European Commission
Ekman, Lars	Swedish Embassy
Ellefsen, Einar	First Secretary, Norwegian Embassy
Hamilton, Douglas	Irish Embassy
Lindell, Magnus	Charge d'Affaires of Sweden
Mostart, Wert	Charge d'Affaires of the Netherlands
Munkeby, Jan Arne	Minister Counsellor, Norwegian Embassy
Rebelo, Pamela	Independent consultant
Risacher, Josiane	Local programme officer
Speight, Melanie	DFID
Stensrud, Lise	Counsellor, Norwegian Embassy
Stirø, Henning	Ambassador, Norwegian Embassy
Viisainen, Kirsi	Finnish Embassy
Country visit, South Africa	
Johansen, Knud	Danish Embassy
Barret, John	DFID
Liljeson, Lars	Swedish Embassy
van Ginhoven, Dick C.	Netherlands Embassy
Bech, Jon	Ambassador, Norwegian Embassy
Nordgaard, Katja	Minister Counsellor, Norwegian Embassy
Hagen, Steinar	Minister Counsellor, Norwegian Embassy
Næss, Inger	Minister Counsellor, Norwegian Embassy
Other Norwegian Foreign Missions	
Andhøy, Egil	Ambassador, Cote D'Ivoire
Bergh Johansen, Sverre	Ambassador, Mission to..Geneva
Brautaset, Tarald	Ambassador, London
Bryn, Kåre	Ambassador, Mission to.., Geneva
Christinasen, Ottar	Ambassaderåd, Mission to.., Geneva

Eidhammer, Asbjørn	Ambassador, Malawi
Gjøs, Tore	Ambassador, Uganda
Heide, Morten	Counsellor, Uganda
Karlsnes, Harald	Counsellor, Uganda
Langeland, Knut	Ambassaderåd, Mission to..., Geneva
Lundenes, Merete	(Ambassaderåd), Mission to..., Geneva
Ofstad, Ingrid	Ambassador, Nepal
Skeie Koti, Rigmor	Cote D'Ivoire
Støfring, Ingebjørg	Minister Councillor, Zimbabwe
Storløkken, Kjell	Ambassador, Zimbabwe
Strømmen, Vegger	Minister, Mission to the United Nations, New York
Toreng, Tore	Ambassador, Pakistan
Vollebæk, Knut	Ambassador, USA
Norwegian NGOs, Labour & Private Sector	
Johansen, Raymond	Norwegian Refugee Council
Sommerfeldt, Atle	Norwegian Church Aid
Egeland, Jan	Norwegian Red Cross
Bjørøeng, Eva	Norwegian Peoples Aid
Dahl, Øyvind	Bistandsnemnda
Garcia de Presno, Øystein	Strømmestiftelsen
Vea, Jon	NHO
Theodorsen, Karen Beate	LO
Gudim, Øystein	LO
Kalheim, Terje	LO
Denmark	
Dabelstein, Niels	Head of Evaluation Secretariat
Elle, Lars	Deputy Head of Evaluation Secretariat
Geelan, Kirsten	Director, Head of Dep for UN Affairs, IFIs & EU
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Petersen, Ib	Head of Policy and Planning Department
Andersen, Ole Winkler	Head of Technical Department
Sweden (SIDA & MFA)	
Gøransson, Bo	Head of SIDA
Hjelmåker, Lennart	Head of Multilat. Dep, MFA
Jacoby, Ruth	Secretary General
Nordstrøm, Anders	Responsible for health sector, MFA
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Cund, Margareth	International Financial Institutions Department
Kirk, Colin	Evaluation Department
Lob-Levyt, Julian	Health & Population Department

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MacKendry, Ian	Head Change Management Team
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The Netherlands	
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Pelgrom, Hans	The Ministry of Foreign Affairs
The World Bank	
Andersen, Ivar J.	Senior Operations Officer
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Jørgensen, Steen,	Director Social Development
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Tjomsland, Tom	Adviser, Nordic ED's office
Veglio, Pietro,	Executive Director
World Health Organization	
Cassels, Andrew	Head of Policy Unit, DGO
Nabarro, David	Executive Director, Group of officials in charge of external relations, all clusters
Committee of resource mobilization	
United Nations	
Brown, Mark Malloch	Executive Director, UNDP
Coleman, Chris	DPKO
Fegan-Wyles, Sally	DGO
Harrington, Nicola	Director DRM
Herfkens, Evelyn	Millenium Campaign
Hooper, Richard	DPA, Head of staff political department
Jenks, Bruce	ASG BRSP
Kern, Ann	Former Executive Director
Martinez, Elena	ASG RBLAC
Olfarnes, Trygve	COA, UNDP
Solstad, Tove	Executive Director, GAVI
Strohmeyer, Hans	OCHA/OUSG
Taft, Julia	ASG BCPR
OECD/DAC	
Carey, Richard H.	Deputy Director, Development Cooperation Directorate
Hradsky, Jim	Head of section, Peer Review and Policy Monitoring Division
Laird, Micheal	Administrator, Peer Review and Policy Monitoring Division
McGill, Hunter	Peer Review and Policy Monitoring Division
Roos, Fred	Advisor, Development Cooperation Directorate
Other Multilaterals	

Fiil, Erik	Executive Director, Nordic countries, India and Switzerland
Jessen Pedersen, Søren	Former Deputy Commissioner for Human Rights
Tandberg, Eivind,	Senior Economist, IMF

Consultations with Norwegian Development Experts

Broch, Ingvald	Research Director, University of Tromsø
Damhaug, Marianne	Director General, NORPLAN as
Grimsrud, Bjørne	FAFO
Hofsvang, Ellen	Journalist
Knutsen, Torbjørn	Professor, Norwegian University of Science and Technology
Mæstad, Ottar	University of Bergen
Malnes, Raino	Professor, University of Oslo
Nore, Petter	Norsk Hydro
Prakash, Sanjeev	University of Bergen
Rønning, Helge	Professor, University of Oslo
Selbervik, Hilde	Researcher, CMI
Simonsen, Anne Hege	Journalist
Sørbø, Gunnar	Director General, Chr. Michelsen Institute
Sundby, Inger Johanne	Senior Adviser, Directorate of Communication and Public Management

Other consultations

Representatives of labor unions, NORAD

Representatives of labor unions, MFA

ANNEX 9: Acronyms

Danida	Danish Development Assistance
DFID	Department for International Development (UK)
IFI	International Financial Institution
LDC	Least Developed Countries
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs
NGO	Non-Governmental Organization
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
RBM	Results-based Management
PRSP	Poverty Reduction Strategy Paper
Sida	Swedish International Development Cooperation
UN	United Nations
VP	“Virksomhetsplan” (Annual Activity Plan)

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