



Organisational Review of The Norwegian Association of Local and Regional Authorities (KS)

Norwegian Agency for Development Cooperation

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Responsibility for the contents and presentation of findings and recommendations rests with the study team.
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1. Introduction

This study is an organisational review focusing on KS' ability and capacity to deliver results in line with the objectives that are based on Norwegian developmental policies. The cooperation between Norad and KS is centred on Municipal International Cooperation (MIC). The primary objective according to the Review's Terms of Reference (ToR) is to assess KS' capacity to manage the programme and the association's general competence in carrying out democratisation projects in the South. The review also considers KS' ability to adapt and revise working methods, and recent amendments are accounted for even if results of the changes have not yet been registered.

The review does not focus on results as such. Neither does it focus on the involved actors' individual performance, but rather KS' administrative and professional capacities to deliver. Whether KS is able to deliver is contingent upon MIC as a practicable, viable programme. The review has looked into the MIC programme theory and the realism of the assumption it is based on.

This review also provides recommendations on how Norad and KS can follow-up the findings. The report has been written with the ambition to be of concrete use for

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a possible further development of Norway's support to local democracy in the South.

MIC has been carried out for almost ten years. The review is focusing on the most recent three-year period (2007-2009). In order to reach an understanding of MIC and its encounters with local realities in the South, the study is going close-up in case studies of some specific MIC partnerships. Malawi was chosen as case country because of its high number of partnerships, two well-established and one fresh. Malawi's system of local government of today has its roots in the decentralisation policy from the late 1990's. One of the reform pillars – the elected assembly – was shelved in 2005 after one term. In other words, in Malawi MIC has taken place without local councillors involved. Instead, the cooperation has been carried out between Norwegian municipal authorities and Malawian government officials at local level. This fact has been taken into consideration in the analysis, and there is no evidence from comparisons with reports from partnerships in countries with an elected municipal body that Malawi's reception of MIC is unique.

2. KS and its strategies for developmental cooperation

Value basis. The fundamental aim of the MIC programme is to develop a strong and efficient local government sector addressing the needs of the citizens. In its activities with Southern municipalities KS makes direct reference to the Millennium Development: The overall strategic goal of the MIC programme is to strengthen good governance in municipal governance and municipal services as part of poverty reduction and sustainable development.

As the association of Norwegian municipal and regional authorities KS advocates strong sub-state levels of government towards central authorities. KS fulfils the functions of being a membership based interest organisation for the municipalities and "counties" (regions) as well as being an employer's organisation for the municipalities and counties. In fact, 21 percent of the work force in Norway is employed by municipalities that are members of KS. At a practical level KS offers training and knowledge to strengthen municipalities and counties.

Relations to overall Norwegian priorities in developmental cooperation. As stated in the MIC Guidelines (the 2009 revision of the 2007 version) poverty and exclusion are experienced locally, and it is primarily at the local level that services and programmes to reduce poverty and underdevelopment are delivered. Although the local level of government has been assigned an important role in development cooperation through various support schemes to decentralisation processes, there is little mention of local government in policy documents on developmental cooperation (e.g. in the reports to the Storting No. 13 and No. 15, 2008-2009). Neither are any of Norad's more than 20 grant schemes tailored specifically for cooperation between sub-state levels of government. The fact that MIC is funded as a part of Norad's scheme for support to civil society has made KS to encourage the MIC partners to emphasise aspects of cooperation between municipal and civil society.

The KS' Unit for International Projects clearly is eager to follow up official Norwegian priorities within developmental cooperation. As seen from the point of

view of some of the involved municipalities it is difficult to tell where Norad ends and KS' Unit for International Projects begins.

For KS' Unit for International Projects (hereafter called the Unit), which is making sincere efforts to be an attentive partner of Norad, problems occur when policy signals are conveyed abruptly. This was the case when KS was asked to report on how MIC contributed against global warming, despite the fact that it was in the middle of a programme period where climatic change was not a part of the agreement.

Thematic profile. In line with KS' general profile, there is international focus on aspects of municipal and regional government. Within these frames the Unit intends to be responsive to signals from Norad and the MFA on policies related to development of the south. In line with the MDG's, MIC aims at developing efficient and accountable local governments by increasing:

- i. good governance perspectives in local government management and service delivery to the population
- ii. environmental concern in local planning and management
- iii. female participation in local government
- iv. transparency and accountability

KS' National Standing Committee emphasises the following fields as being particularly relevant for the international activities (Decision 09/15): development of employer capacities, local democracy, equal rights, social protection and public service delivery.

The MIC programme theory. A specific MIC programme theory and methodology is taking shape, although slowly and implicitly. The development of a programme theory is reflected in the Guidelines, which are being revised frequently. The methodological and conceptual sharpening is mainly the result of KS' endeavours, but Norwegian and Southern municipalities are invited to discuss methodology. The main forum for methodological discussions has been the three peer review gatherings.

Figure 1 *The MIC programme theory*

Intervention	Output	Outcome	Change (impact)
Contact/ Exposure	Municipal officers trained and exposed to Norwegian ways	More capable municipalities	Democracy, stability
Material support	Improved basic infrastructure	More trust in municipalities	

Mechanisms is a key word here. While working with a programme theory it is important to take a critical look at the mechanisms that assumedly are set in motion. In the case of MIC, the mechanisms are those triggered through contacts and

exposure as well as those envisaged resulting from improved infrastructure. Wishful thinking and hoping for the best is not satisfactory in analysing mechanisms. If the mechanisms do not work, the programme does not work.

Earlier, KS operated within a programme theory called Sustainable Local Governance Circle (SLGC). According to SLGC increased public trust in improved local government services will increase willingness to pay taxes. Increased integration of the informal sector into formal economy as well as focus on business and private sector development will also increase the ability of communities to pay taxes. Hence the local council will be able to reduce the poverty within the community. The realism of these assumptions has been questioned in evaluations by Anger and Moberg (2005) and Holm-Hansen (2008b). The 2009 Guidelines do not make reference to SLGC or any other programme theory.

As a part of its presentation of Logical Framework Analysis as a management tool for design, monitoring and evaluation of projects, the Guidelines mention some examples of possible activities that may lead to inclusion of good governance processes in municipal governance and municipal services. The activities are specified to a varying degree, computerising the market registers and billing systems (Gran – Mukono, Uganda; Eid – Mbala, Zambia) and training for locally elected councillors and administrative staff (Kristiansand – Walvisbaai, Namibia; Oslo – Mbombela, South Africa). Seminars and pilot projects are prevalent among the project activities. In fact, KS stresses that MIC projects should not focus on physical results, but rather on learning and democratic processes. However, nothing is said in the Guidelines about how the fact that a certain number of people have been trained or a certain number of pilot projects have been carried out (outputs) will lead (or be made leading) to good governance or poverty reduction (outcomes), like trained people actually making use of the new knowledge, or pilot project being replicated by other local governments. A more "longitudinal" approach to the activities based on a theoretical causal chain, would have helped MIC partners avoid the pitfall of being satisfied with mere outputs.

One of the Unit's core tasks has been to make partner municipalities structure their activities to fit them into a pattern of output-outcome-impact. LFA could have been a useful tool, and there is no doubt that the Unit has made persistent attempts at making partner municipalities apply it in order to avoid vagueness. The reluctance to use LFA among Norwegian partner municipalities has made the Unit amend its use of the tool and make it more use-friendly.

There are two prevailing beliefs that underpin MIC in the South. First, there is the assumption that "bringing Norwegian actors in contact with homologues abroad and "exposing target groups to Norwegian experiences" lead to results almost by itself. Secondly, there is the belief that support to material and infrastructural improvements will lead to better municipal governance. This latter assumption is often being substantiated by referring to quite long causal chains, like when the use of "MIC funds" were spent on re-roofing market-stalls in Nkhotakota or refurbishing schools in Lilongwe, Malawi, not to speak about repairing 7000 metres of roads and establishing 19 drinking water posts in Antsirabé, Madagascar. The same holds true for alphabetisation (Ål-Sololá MIC, Førde-Ntchisi, Malawi).

It should be noticed, however, that KS' Unit for International Projects conceives the current tri-annual agreement a bridging period towards a more purely municipal focus that will apply for new projects and partnerships. The fact that less purely municipal project activities lingers on is due to their strong history and adverse effects from just closing them down.

Work methods and added value. MIC is based on the plausible assumption that municipalities possess unique competence of relevance for developmental cooperation. Involving KS and the Norwegian municipalities in developmental cooperation hypothetically adds value in two ways linked to the MIC programme theory: First, value is added by strengthening the focus on the sub-state levels of governance in developmental cooperation. A major share of the actual development and preconditions are actually being implemented at municipal level. The actual value added is contingent upon KS' ability to front the municipal issue vis-à-vis MFA and Norad. As noted above, the assertiveness of the Unit in its dealings with Norad is questionable.

Secondly, value is added through working methods within the MIC. MIC works through shared information and mutual learning between municipalities. One of the pillars is the assumption that “value is added” as a result of involving local governance in a well-developed country in direct co-operation with a municipality in less developed countries. For value to be added on this point, municipal officers or councillors must be brought together for a certain time to exchange experiences. In short, a direct interface must be established and made operative.

As will be showed below, the extent to which interface have been established through the MIC projects could be questioned. Consequently, the unique “value added” to developmental cooperation by bringing KS in is not evident.

The geographical foci of KS international activities. The bulk of the Unit's activities are centred upon European political arenas, EU and the Council of Europe. In addition, democracy and stabilisation projects with a municipal twist are being carried out in new and/or aspiring democracies, like Georgia and the countries in the Western Balkans.

Finally, KS carries out projects in the South (i.e. in main partner or partner countries for Norwegian developmental cooperation) which is the focus of this organisational review. The capability of the municipal sectors in these countries to enter into cooperation with Norwegian municipalities as peers varies considerably. This is critical given the MIC programme theory, according to which projects should have been carried out between municipalities that match each enough to make operative cooperation possible, and that are strong enough to sustain MIC activities and make them relevant.

Likewise, in a lot of aid receiving countries, there is reason to question the municipalities' capability of becoming motors for development without comprehensive prior reform of government structures. Although the question of developmental level has been raised, it has not been made a criterion for the selection of countries. Countries ridden by conflict and post-conflict problems, like

Sri Lanka, however, have been considered unsuited for MIC after some attempts to make it work.

3. KS' organisational structure

Organisational form/governing bodies/daily leadership. The National Congress is KS' supreme body giving the overall political direction for the administration. It is elected by the members of municipalities and counties organised in KS, and convenes every fourth year. The daily leadership of the organisation is taken care of by the National Standing Committee (53 members convening at least twice a year) and the Executive Board (15 members). In parallel with the elected body a Committee of Executive Officers serves as an advisory body at county and national level.

The position of KS' Unit for International Projects. Since July 2008 KS the international activities are carried out partly by the Unit, partly as integrated activities in the relevant "national" units within KS. In practice, activities that are externally financed are being managed by the Unit for International Projects whereas those activities financed by KS' member organisations – including the EU office in Bruxelles – are under their respective units.

Decision-making/internal communication. The National Standing Committee gives the strategic guidelines for the international work. Lately, in January 2009 the Committee discussed the strategies, and recommended strengthening the links to the relevant ministries, in particular the MFA, as well as to the member municipalities. The KS Unit for Communication provides administrative support to the National Standing Committee regarding international activities. The objectives of the international activities are stated in KS' Plan Document. The results of the international activities are reported every quarter. The Unit communicates closely with the political leadership of KS that has taken interest in the developmental cooperation carried out through the unit.

Members/donors (Norwegian municipalities), members' roles. Being a membership organisation KS is expected to be responsive to the municipalities' requests. The expectations also apply for the Unit. The fact that the unit in practice has taken on something that resembles "delegated authority" from Norad prepares the ground for potential contradictions. At times, Norwegian MIC municipalities report that they do not recognise "their" KS while communicating with the Unit.

Co-operation with other donors/actors in the South municipalities. As pointed out below, Southern MIC partners are involved in several project activities with international agencies and donors. In fact, some of the Southern municipalities/local governments tend to prefer well-known project activities to purely MIC interventions. This is indicating a need to know the aid picture in municipalities and countries to avoid duplication and non-optimal use of resources in order to utilise the comparative advantages of bringing the municipalities in. Managing a maximum of three MIC partnerships in each country, the Unit struggles to keep itself updated on the donor picture in the nine countries of work.

4. KS' work with partners

Roles and relations between KS and the participating municipalities. KS' main role is to facilitate for the participating municipalities. This implies that the Unit is responsible for networking and sharing of experiences between the participating partnerships. The Unit is the formal adviser for the Norwegian municipalities regarding the participating South countries. It is KS, not the participating municipalities that enter into a contract with Norad, and Norad expects that KS coordinates their activities and secures quality of the project activities. KS also checks the quality plans and reports from the participating partnerships.

The KS' Unit for International Projects is positioned "between" the financing source and the project implementers. It processes project ideas and proposals from the municipalities into projects in accordance with Norwegian priorities and conform to formal requirements. It communicates the central Norwegian development priorities to the municipalities. KS finds itself in a difficult position as an intermediary between Norad, giving the political guidelines, and the municipalities carrying out concrete project activities. As perceived and "felt" by the partner municipalities, the Unit to a certain extent performs "delegated authority" from Norad, although not formally. At the same time KS, including the Unit, is the interest organisation of the municipalities aiming to strengthen local democracy and the principles of local self-government. Therefore, the municipalities may be unaccustomed to the idea of being "controlled" and having to report to KS. This is an underlying tension within MIC, aggravated by the tendency of KS and the Norwegian MIC municipalities to perceive MIC differently.

Partner selection and quality assurance. At the outset of each three-year period KS launches a preliminary, internal call inviting all member municipalities to come up with suggestions. Then interested municipalities are invited to a seminar where the MIC framework is presented together with the concrete project ideas. This is a preparatory step before the deadline for internal application. The deadline is one month ahead the deadline for applications to Norad, which enables the Unit to work out project plans together with the applicant municipalities. Based on project applications from the municipalities, KS elaborates the three-year MIC programme, which is submitted to Norad. The performance of the Unit in coordinating applications and checking quality used to be suboptimal, but has improved somewhat over the last two to three years.

KS makes sure some criteria are taken into considerations while selecting partnerships. For instance, countries in armed conflict tend not to be suitable for MIC (hence the shelving of the Sri Lanka MIC). Also, language is important. In order to work in Hispanic and francophone countries, it does not suffice to know English. Therefore, it is important to select project managers who took their second or third subsidiary language seriously. It is also to the advantage of an applicant if there are more MIC partnerships in the country (in order to create synergy and dissemination). KS makes a visit to the Southern municipality together with the prospective Norwegian MIC partner.

Norwegian municipalities involved in MIC tend to

- a) have had one Norwegian working in the Southern partner municipality prior to MIC (e.g. Kristiansand-Walvisbaai);

- b) a person from the Southern municipality working in the Norwegian partner p.t.; c) old relations (Lutheran mission; VNS, or like Elverum-Tsumeb solidarity/anti-apartheid work).

Capacity-building in the South. Capacity-building (seminars and workshops) is a preferred project activity. However, most of the training offered through MIC, is identical or similar to training that has been tested out under other schemes. Therefore, MIC brings in little new that has not already been offered under other schemes. In the project documentation, there are few examples that the need for yet another training is substantiated, or discussed. Whether beneficiaries actually make use of what they have learnt is not fully clear from the reports.

Experience-sharing. Since the first MIC projects in 2000, experiences have been shared between municipalities involved, from Norway as well as from the South. Example and good practices are being identified and discussed (see “MIC: Examples and Good Practices” issued by KS in August 2008).

Network meetings are being arranged every second year. Every year KS arranges seminars for the Norwegian partner municipalities offering guidance related to applications. The network meetings (the one referred to in case interviews is the meeting in Walvisbaai, Namibia, in 2008) are appreciated by the Malawian as well as their Norwegian partners as a well-organised forum for open discussion and explanation.

Lately, the methodology of peer reviews has been applied on three occasions. Their purpose has been to identify lessons learned and best-practices as well as to assess whether the activities contributes to reaching the goals. The Norwegian municipalities involved have met with their partners in Madagascar, Guatemala and Malawi for peer reviews. The methodology consists in having municipalities comment upon each others’ performance and plans. Improvements are sought through the use of “peer pressure” as a mechanism. This has proved to be more challenging in some countries due to culturally based unfamiliarity with criticising peers openly. The three peer reviews varied as to their complexity. The preliminary experience (based on only three cases) is that the simple peer reviews are more rewarding. The peer review process in Guatemala has been the most successful.

Guidelines. KS has developed a set of MIC guidelines to be used by everyone involved. As the MIC concept has been developing, lessons have been drawn and new challenges have been identified the Guidelines have been revised several times. The current Guidelines are an update (February 2009) of the 2007 version. The Guidelines are instructive forming a good basis for joint project development work between KS, Norwegian and Southern municipalities. The Guidelines are focusing more on how the entire MIC operation is organised than on types of project activities.

Transparency. The internal programme transparency between participants is catered for in the framework developed by the Unit. The Guidelines inform involved parties about the procedures and expectations at all stages to the end of the cooperation. Also, network meetings and seminars within MIC are conducive to openness. Therefore, one of the case study findings from Malawi was surprising: In fact, there

is very little agreement in what Malawian partners, Norwegian partners, KS and the Fredskorpset volunteers are telling about the projects. This even applies to the thematic foci of the project activities. The lack of transparency is partly a result of the fact that in general there is no direct project interaction between Norwegian and Southern municipalities.

The external transparency is secured through the reporting system. The templates for reports combined with those for the applications secure openness, and make weaknesses in project logics immediately visible. There is probably a potential for Norwegian and Southern municipalities in making more active use of the reporting system. The transparency of financial affairs is dealt with in section 5 of this report.

Sustainability and exit strategies. Sustainable projects yield results that stays after the end of the project period. Sustainability in partner municipalities is contingent upon the MIC projects, having developed new skills and insights relevant enough for the everyday running of the municipality to be made active use of. The same holds true for the material support rendered through MIC. The project activities consisting in installing computers to facilitate levying taxes from small traders are sustainable if tax collection actually is what the computers are being used for, even after the Norwegians have left for good. Therefore, sustainability is likely to happen if there is a real consensus on project objectives between all involved actors. This is MIC's weak point, but what the Unit is constantly working on.

Exit strategies do not seem to be in focus, which is natural since only two partnerships are actually phasing out. It should, however, be borne in mind that preparing for exit is a long term activity that should start early, according to experience-based knowledge.

Ownership in the South. The MIC concept seems not to be "owned" by the Southern local governments taking part in the cooperation. There is a clear tendency that project activities, despite being developed as MIC activities, end up as replica of other activities going on under other schemes. The Malawian case study showed that partners are eager to carry out less innovative projects, i.e. project activities they already know, like support to market-stalls, measures against school drop-out and the like. They want to make what they call "MIC funds" to finance replicas of activities they know. As the case studies from Malawi illustrates, this means that core MIC mechanisms are not applied, like the peer-to-peer contacts and cooperation. KS has been willing to include activities that do not make use of peer-to-peer mechanisms as long as they in one way or another lead towards better governance.

An illustration of how the mechanisms of "non-ownership" to MIC unfold is offered by the case of the Flora-Nkhotakota MIC: MIC is a small player in Nkhotakota, which receive funding from EU on public works/roads, German GTZ on HIV/AIDS and USAID on natural resource management and from Ireland and some NGO's as well. Although it is perfectly clear that Nkhotakota places MIC within a larger portfolio of projects, the ways MIC is portrayed in the Norwegian MIC documents make little notice of previous or ongoing initiatives. The objectives are stated as if MIC alone was going to achieve participatory planning, increased incomes and reduction in gender-based violence. In the Malawian municipalities involved the

lack of realism in this is fully acknowledged. For instance, in Nkhotakota MIC is used to add more funds and training into ongoing efforts that receive heavy support by major donors since Malawi set out to decentralise in the late 1990's. It is however, not clear whether the Norwegian municipal partners are able to see the MIC contributions in the context of ongoing reforms and donor schemes. There is reason to ask to what extent KS has the overview required to offer the Norwegian member municipalities the needed guidance, quality control etc.

Another case of non-ownership is the Ntchisi-Førde MIC: Ntchisi is a reluctant participant in the MIC programme, but accepts it as long as the town acquires some funds from it. The willingness to contribute is low. Ntchisi would like to include allowances into the programme. Moreover, it would like to have a MIC officer employed by the project. It is difficult to stipulate the man hours spent on MIC in Ntchisi. In Førde, it is somewhere around ¼ position. As of now, money is spent on office and transport and not on allowances or administration. The wish to include allowances gives evidence of Ntchisi's unwillingness to contribute man-hours to the programme.

Networking. The Unit has been asked by Norad to make sure MIC activities enter into contact with other Norwegian activities in order to inform and to learn from other actors' experiences. Informing the embassy on a routine basis, even in countries where support to decentralisation is not a key focus, probably would be useful for everyone involved. In general KS and the Norwegian MIC partners do visit the embassies for mutual information.

MIC is being carried out in close cooperation with Fredskorpset and Friendship North-South. Fredskorpset volunteers in Lilongwe and Nkhotakota are assisting MIC. On the one hand, the volunteers function as a permanent reminder locally that MIC is going on. Moreover, the volunteers are in a position to facilitate communication between the two partners involved since after some months in Lilongwe or Nkhotakota they get a certain grasp of the situation. In such cases, they may facilitate the establishment and maintenance of the interface between municipal officers in the two countries that forms a pillar in MIC's programme theory. On the other hand, there is a risk that the Fredskorpset volunteers become an excuse for the municipalities involved to be lax about creating peer-to-peer interfaces.

5. KS' administrative capacity

Planning competence and risk assessments/risk mitigation. The MIC programme is relatively complex, involving a large number of actors in a large number of countries, and although diminishing, the number of themes covered has been high. KS must plan, assess risk, mitigate risk, carry out control, assure quality, keep an overview over the financial management and make it transparent and fair. Moreover, KS has to do all this together with municipal partners in Norway that rarely have a background from developmental cooperation.

The Unit has five advisers, who are experienced in the field of project development and supervision. In fact, this is where their capacity is at its strongest. In addition, several staff members have served in various local government positions for longer periods prior to joining KS or during leave of absence from KS.

Formats for applications and reporting are well suited for supervision and planning of progress in the projects.

Risk may be understood as the danger funds are made in irregular ways, or that activities do not lead to results in line with the objectives. The control of how funds actually are being used is made through the auditing procedures (see below). The second type of risk requires tight following up, and is particularly difficult if there are diverging motivations among project partners.

Systems for quality assurance and control. The quality assurance by the Unit is mainly made in the phase of project development (writing of applications). The North-South network meetings and annual seminars for Norwegian partners as well as reporting are made use of by the Unit to control the quality of the projects.

Overview and transparency in financial management systems. The project report formula requires that project managers clarify how the resources have been spent. KS requires financial statements as well as audits in the Norwegian as well as the Southern municipalities. Thus all formal requirements have been fulfilled.

Nonetheless, on a general basis for project activities in the South (not only the faction being carried out by KS) there may be reason to ask whether this is enough. True, the funds involved are relatively modest and misuse on a large scale is out of the question, but even small-scale misuse is unacceptable. Moreover, it may have distortive effects on the project by diverting attention from the contents to possible direct, individual, economic benefits. In fact, a lot of the attention of the Southern partners seems to be the use of funds. It might be a good idea to carry out regular reviews of parts of the MIC programme in order not only to check whether formalities are in place (e.g. vouchers) but also whether spending is reasonable.

As seen from the point of view of Norad, KS' financial management has not always been transparent. In order to increase Norad's insight into KS' dispositions it was required in 2008 that the latter present its financial statement in such a way that it would be possible to check it up against the budget. Moreover, KS has a separate MIC account as requested by Norad. The auditor (Ernst & Young) makes use of Norad's own template while revising KS accounts. This issue has been settled.

The fact that the accountancy system in the Southern municipalities tends to be quite impenetrable for non-specialists causes some uncertainty if all funds are being spent in a cost-efficient way.

6. Thematic, geographic and organisational knowledge within KS

Developmental cooperation is knowledge-intensive and not well-suited for inexperienced actors lacking specific insights. Nonetheless, much developmental aid consists in exposing Southern practitioners to Norwegian practitioners, in the case of MIC ordinary local counsellors and municipal officers. Much of the results hinges on the ability of the Unit's to fill the knowledge gap between the two sides. The Unit is strong on developmental cooperation and understanding the Norad framework. It is less strong on everyday life in Norwegian municipalities, which may create obstacles to efficient guidance of Norwegian MIC municipalities. However, the Unit

can draw on expertise in other KS' Units. In fact, altogether 15-20 KS advisors from outside the Unit has been involved in KS projects in the South. Nonetheless, the Unit's interface and interaction with the rest of KS apparently could be more developed.

The Unit's insights into Southern municipalities are more elaborate when it comes to municipal interfaces with the donor community than on local communities' functioning as such. Since these aspects of municipal life in the South differ considerably, and it is the latter that count when there is a need to analyse obstacles to project implementation, this is problematic.

Overall, the Unit is able to cover the four focus areas, good governance, environmental planning, female participation and transparency.

The question of bridging the knowledge gap between the municipalities in Norway and those in the South is crucial. To some extent, it seems as if the Unit did not make the involved actors sufficiently aware of the differences between the two countries' municipal systems to retain some realism in what a programme like MIC could possibly achieve. There are considerable differences between Norwegian and Southern municipalities regarding among others accessible funding, tax-system and predictable income, legal responsibility for inhabitants, service delivery tasks, auditing and economic monitoring systems.

Using indicators may be useful. However, in developmental aid and democracy support, indicators seem to be used without paying enough attention to realities. It is a very long way to go from project intervention to the final goal, the intervention being *capacity-building* and the impact *reduced poverty*. Several contextual factors play a significant role between the two, which means that effects of the intervention might have been good even if the scores on the indicators at the end of the causal chain are low. Therefore, variables linked relatively directly to project activities should be selected to make up indicators.

Not exactly in line with the goals in the MIC programme to develop an effective and independent local community sector, MIC funds seems to be used for purposes like editing and printing village development plans. Since supporting village development plans has been very much highlighted by the donor community for years, the specific MIC contribution developing the municipalities is questionable. There is reason to ask what it takes in terms of formalised knowledge and training to make experiences from e.g. participatory planning in Norwegian municipalities relevant and applicable in a Southern municipality marked by the tensions between modern democratic authority and that of so-called traditional leaders.

7. The administration of MIC results

The existing log frame system is ambitious, but may be difficult to operate for implementing municipalities in north and south. The municipalities commonly complain about the need for reporting and auditing, and it seems less necessary to report on such an ambitious scale. It would probably ease the work on reporting for the municipalities to integrate the MIC annual reporting system into the common reporting system between the Norwegian government and the municipalities. There

is a need for restructuring KS monitoring system to equalise goals and indicators in a more realistic and less ambitious result-based log frame system.

There is a lack of direct interaction between Southern and Norwegian peers, specialist-to-specialist cooperation or similar mechanisms inherent in the MIC intervention logic. In the Malawian case intermediaries have been engaged. Here, Fredskorpset (FK), the Norwegian Peace Corps, has been an active partner in the MIC programmes in Lilongwe and Nkhotakota. The FK has been decisive in the establishing phase and has proved to be of vital importance in the operative phase as the volunteers from FK have taken on day-to-day responsibilities to secure some continuity, although to a varying degree from year to year.

The issue of involving intermediaries is important since one of the critical aspects of MIC is the tendency to concentrate activities to the periods of time that the partners actually visit each other. On the other hand, the assistance from the FK volunteers in worst case could weaken the intensity of contacts between municipal officers in the two local governments in the partnership. The different activities seem highly dependent upon Norwegian funding. As an FK volunteer put it: "In order to have activities, the Norwegians must pay for it".

Most of organizations and NGO's working in south have broad experiences working with local organizations implementing their projects on ground level. It seems like a challenge for KS and the MIC programme, that the intentions of the programme are difficult to implement into politics and projects at municipality level.

8. The cost-efficiency and MIC

To be cost-efficient, results from funded activities must be achieved according to overall goals with a reasonable input of resources. Moreover, the question of cost-efficiency must address the difficult question of alternative ways of carrying out the projects. MIC bases itself on involving people who are professional on municipal issues, but who are inexperienced related to developmental aid. Following up this organizational review, it is a vital question to ask whether actors other than KS or other than the municipalities could have carried out the activities more cost-efficiently.

The MIC programme constitutes about 20 percent of KS total international activity. The remaining 80 percent is divided between mostly EU activities and a substantial programme on local development on the Balkan funded by the Norwegian Ministry of Foreign Affairs. Although the knowledge and experience seems high, KS does not have a huge staff to manage the MIC fund, and the MIC programme seems not to be given the highest priority in the international department.

Under the three year programme 2007 – 2009 KS has received NOK 21 million. The budget is divided in three: grant; 8 percent administration; other measures like peer reviews, meetings North-South, information and funding projects in the south.

Each partnership in the Norwegian - Malawian cooperation projects receives about NOK 400,000 a year. KS operates with a tentative budget (template) in which NOK 100,000 is for travel, and NOK 300,000 for project implementation in the south

focusing on competence-building. The concept of seed money is being applied allowing for infrastructural expenses, and should be between 40,000 and 100,000 NOK. It is a common feedback from the Norwegian municipalities that their contribution in terms of man-hours affiliating administrative costs is considerable. The Norwegian municipalities are not allowed to cover administration costs from the MIC projects.

KS itself bases managing and running the MIC programme not only on the Unit in its MIC activities, but makes use of competence to be found elsewhere in the organization as well as municipal employees. KS is allowed to spend 8 percent of the MIC fund to cover administrative expenses but reports that it has to add other funds to fulfil the achievements within the limitations on 8 percent. KS holds the percentage to be on the small side given the complexity of its role. In order to purely administrative tasks for which 8 percent might have been sufficient, the Unit for International Projects has a multi-faceted function. The fact that the eight percents are calculated on the basis of funds actually spent has some unintended, but adverse effects, according to KS. In the cases where projects have not spent the sum granted, it often is a result of the project having encountered challenges. This again means that the Unit has been involved to an extent above average for the project portfolio in order to help sort out the problems. KS might not be an exception to the “rule” that everyone complains about having too small funds. Nevertheless, there is reason to look carefully into the realism of doing what the Unit is supposed to do within the 8 percent budget constraints. Also, of course, the question whether the Unit is organising its resources in a well-structured way must be raised.

Considering the problematic aspects of KS’ management of MIC, which have been pointed out in several studies, there might be worth asking whether funds could be spent more effectively using another organisation as coordinator, adviser and quality-controller. However, in that case the next question would be if other organisations would be able to arrange for the exchange of local administration development experiences in a better way than KS potentially would be able to.

9. Conclusions and recommendations

Conclusions

Eventually, after almost ten years of operation and constant learning and amending, MIC is quite coherent conceptually, which is reflected in the MIC Guidelines. Unfortunately, where the concept is at its weakest is at the municipal level in the South, where the activities are going on. MIC seems to be more on paper than on the ground, and more in Norway than in the South. At municipal level in the North the concept dilutes into a friendship and awareness-raising profile, whereas MIC in the South municipality gets the shape of yet another donation.

In short, the direct face-to-face, professional-to-profession interaction inherent in the MIC programme theory does not take place. The lack of interface is illustrated by the fact that there is little agreement in what Malawian partners, Norwegian partners, KS and the Fredskorpset volunteers tell about the projects. This even applies to the thematic foci of the project activities.

The MIC programme is marked by a quite elaborate system to manage the operation as a whole on one hand, and weak implementation force at local level in the South. The MIC idea gradually weakens in strength the closer one approaches the site of project implementation. Here, MIC often funds other types of projects. For instance, in Malawi, the partners are eager to carry out project activities they already know, like support to market-stalls, measures against school drop-out and the like. They want to make use of so-called “MIC funds” to finance replicas of activities carried out with the help of other donors under other schemes. KS seems to have relinquished the ambition of “pure” MIC and applying MIC mechanisms in Malawi, and “accepts” non-MIC project ideas provided they account for links to good governance at district level. Carefully followed up, a project on levying municipal taxes from a market-place can lead to improved governance. To make it MIC, however, a Norwegian municipal officer will have to play a role.

The case study from Malawi shows how local MIC coordinators and others involved tell about MIC activities in their home town, they focus on what MIC has financed, not on what they have learned, and do not mention common activities with their Norwegian counterparts. The “value added” through involving Norwegian local authorities is negligible if discernible at all. For the Malawian MIC municipality going all the way through Fredrikstad, Flora and Førde is more like a bonus than an element in the programme theory. It is pleasant, but unnecessary.

Malawian district authorities know the details of the MIC concept from several presentations, among others at the network meeting in Walvisbaai in 2008. The Malawian partners do not want MIC. The concept has not got through.

The rather gloomy picture of MIC given in this organisational review is not necessarily only the result of poor organisational work done by the Unit. As the organisational review shows, the Unit has been developing and sharpening the MIC concept and makes efforts “sell” it to the MIC partners.

KS makes efforts to raise the quality of project applications and to follow up the activities developing and amending routines, partly on request from Norad, to improve the programme system. The fact that the MIC partnerships are small (400,000 NOK per year) makes the task of supervising them costly. KS’ Unit for International Projects claims that the 8 percent of total programme spending to cover for administration costs is far below the actual costs, which raises the question of the economic sustainability of the programme.

KS’ Unit for International Projects certainly has taken on a knowledge-intensive task. MIC is ambitious, and bases itself on several preconditions, some of them being (based on Holm-Hansen, 2008):

1. The co-operation must concentrate on policy fields that are a municipal responsibility in both countries involved in order for peers to establish an active interface
2. There must be a reason why precisely a municipality and not an NGO or other organisation or institution should carry out the project
3. The two municipalities must have a minimum of knowledge about each others’ concrete situation

4. The activities focused upon must be economically feasible in the recipient country without further funding from the “donor”
5. The context (institutions) in the recipient country must be able to incorporate and sustain economically the innovations that the people exposed to Norwegian ways bring with them home.

Although international decentralisation is a concept which is gaining ground internationally, and Norwegian authorities are supportive to the idea of municipality-to-municipality cooperation, KS is left alone with the task of conceptual development.

The attempts at introducing LFA caused a lot of frustration among the MIC municipalities. Probably, tools that were more in line with the tools for goal-oriented management already in use in the municipalities would have been more welcome. This again illustrates the problems occurring from the fact that KS' Unit for International Projects is more a branch of the development cooperation sector than the municipal sector. As one MIC responsible put it: "It would be better if Norad had its own department for municipal affairs."

Recommendations

Reform potentials for MIC? The problems making MIC work at the programme's end point, i.e. in the Southern municipalities, are evident. Moreover, running the programme is resource-intensive, according to KS far beyond the 8 percent share set aside for administration. Therefore, closing down the programme could be considered. In fact, in most cases the consequences would be negligible at local level. Alternatively, leaving it to another organisation than KS to coordinate the programme could be a solution.

On the other hand, the MIC concept has developed, and KS' Unit for International Projects has gained experience. There are indications that new MIC partnerships make more out of the MIC mechanisms than older ones. New generations of MIC partnerships seem to be more MIC-like than the early ones. Moreover, international decentralisation and schemes resembling MIC are being applied internationally. Norway has a strong municipal sector. The fact that the MIC concept has encountered problems getting embedded in the Southern municipalities is not necessarily a reason to leave Norwegian municipalities out of developmental cooperation.

Recommendation: Before considering giving up the MIC concept for alternative ways of engaging the municipalities in developmental cooperation, the concept's potentials should be assessed and revisions suggested.

Shift focus. The MIC elements get weaker the closer one is to the actual project implementation in the Southern municipality. Also, KS' focus on the actual project activities, or interventions, is weaker than the focus on more general aspects of MIC. As of today, focus is more on *what* than on *how*.

Recommendation. KS' Unit for International Projects should focus more of its advisory, supervisory and quality control functions to what is happening – and how changes are made – on the ground in the Southern municipality.

Further streamlining of MIC? Today KS has to cope with small number of MIC partnerships in a large number of countries. Moreover, the project activities vary, and are often modest in scope. A reduced number of project activity types within the four thematic core areas would be helpful to reduce administrative costs and resource use on advice and quality control. A concentration on a smaller number of countries would be advisable for the same reasons. Concentration will make it easier for Norwegian MIC municipalities to cooperate and exchange experiences. Likewise, South-South cooperation will be facilitated. Suitable policy fields to focus on could be primary education, physical planning, renovation, auditing and economic management within the core knowledge of the Norwegian municipalities. Recommendation: Concentrate activities on a smaller number of project types with more projects in fewer countries.

Selection of MIC countries and municipalities. One of the Unit's core functions is to give advice to Norwegian municipalities entering into a MIC partnership. For a country to be suitable for MIC activities it must have a municipal sector with certain competencies and resource base. Without these preconditions the intervention logic of MIC most likely will fail. MIC is not a suitable instrument to build up municipalities from scratch, but rather to help develop already established ones. Recommendation: The Unit makes an assessment of the readiness of the municipal sectors in Norad's main partner and partner countries to enter into MIC partnerships, and concentrate future activities in countries with reasonably strong municipalities. For this purpose a set of criteria should be established.

"Municipalise" reporting. Some of the problems within MIC are caused by the fact that the Norwegian municipalities have to enter into the routines and conceptual world of developmental cooperation. Given the limited scope of each MIC partnership, the entrance fee becomes high. Probably there is a lot to gain to follow the common reporting and indicator system they know, or at least which is similar. KS as the interest organisation of the municipalities should be in a good position to carry out this work.

Recommendation: Report requirements are made to conform to ordinary municipal practices (KOSTRA).

Monitoring. The MIC indicator and monitoring system needs to be revised in order to be more user-friendly and useful for its actual purposes.

Recommendation: LFA and the monitoring system are revised into fewer and more effective indicators. KS should be responsible for sophisticating the indicator system.

List of interviewees

Liss Schanke, KS

Leif Sauvik, Norad

Jan-Petter Holtedahl, Norad

Guri Skancke, Norad

Group interview:

Ottar Bruhn, Fredrikstad kommune
Stein Krogsrud, Fredrikstad kommune
Kjerstin Stølen, Fredrikstad kommune
Oddvar Vagle, Fredrikstad kommune

Asbjørn Fjose, Førde kommune

Group interview:

Per-Øyvind Johannessen, Fredskorpset volunteer, Lilongwe
Kristine Engen, Fredskorpset volunteer, Lilongwe
Ørjan Olsen, Fredskorpset volunteer, Nkhotakota

Mr. Stephen Sakhama, environmental officer/MIC coordinator, Nkhotakota

Marita Sørheim-Rensvik, second secretary Norwegian embassy, Lilongwe

Group interview:

Chilongozi M. Nysasulu, executive director, Malga, Lilongwe
Collete Khumalo Mabedi, administrative assistant, Malga, Lilongwe

Group interview:

Sezerine Misomali, District Education Manager, Lilongwe
Christon Pandakwao, MIC coordinator, Lilongwe

Group interview:

Peter Jimusole, MIC coordinator, Ntchisi
Director of finance, Ntchisi
Tuntufye Mboma, forest officer, Ntchisi
Rodson Chikadewa, business promotion officer, Ntchisi
Lucy Mofat, community development officer
District education manager, Ntchisi
Primary education desk officer, Ntchisi
District civic education officer

Marita Sørheim Rensvik, Norwegian embassy – Lilongwe

Øystein Garfors, Fredskorpset volunteer, Nkhotakota (on phone)

Øystein Haugen, KS

Bjørn Rongevær, KS

Group interview:

Gunnar Frøland, Flora kommune
Bente Nilsen Halvorsen, Flora kommune
Arild Melvær (FK coordinator), Flora kommune

Bjørg Tysdal Moe, vice-president KS and vice-mayor Stavanger

Documents consulted

MIC project applications and reports, letters of allocation, various KS case papers

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van Ewijk, Edith and Isa Baud (2009): Partnerships between Dutch municipalities and municipalities in countries of migration to the Netherlands: knowledge exchange and mutuality, Habitat International 22, pp. 218-226

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Anger, Joakim (2008): The use of “peer reviews” in the MIC Programme, Institute of Public Management

ECI Africa (2008): Malawi: Final Evaluation of the UNDP & UNCDF’s Local Development Programme

Holm-Hansen, Jørn (2008a): Municipal co-operation between the Western Balkans and Norway: A review, NIBR Report 2008:29

Holm-Hansen, Jørn (2008b): Municipal International Co-operation: Kristiansand (Norway) and Walvis Bay (Namibia) evaluated, NIBR Report 2008:6

KS (2008): Municipal International Cooperation: Examples and Good Practices

KS (2008): Peer review report MIC Madagascar, March 2008

KS (2008): Conference Report – Network meeting Walvis Bay

Norad (2008): Result Management in Norwegian Development Cooperation: A practical guide, Norad/MFA

2007

Chiweza, Asiyati Lorraine (2007): Local Government, in Nandini Patel and Lars Svåsand, Government and Politics in Malawi, Centre for Social Research, Chr. Michelsen Institute, 2007

KS (2007): MIC programme Guidelines 2007

2006

Schanke, Liss (2006): KS activities in Malawi, internal memo

2005

Anger, Joakim & Liv Moberg (2005): MIC Evaluation, Scanteam

2001

UNCDP (2001): Supporting Decentralization and Local Governance in Malawi,
United Nations Capital Development Fund – UNCDP, 2001

Appendix

TERMS OF REFERENCE – Organisational review of The Norwegian Association of Local and Regional Authorities (KS) – spring 2009.

Date: 29 April 2009

1. Background

As part of the quality assurance of Norad's administration of its civil society funding, non-governmental organisations receiving or applying for Norad funding are routinely being subjected to organisational reviews. These reviews form an important part of the basis of Norad's consideration of and decision regarding the design and scope of its future support to the organisations, including the scope and contents of a new multi-year agreement.

During the period 2007-2009, The Norwegian Association of Local and Regional Authorities (hereinafter KS) has had a three-year agreement with Norad, receiving ca. NOK 7,0 mill per year. The review will look at issues and challenges related to the Municipal International Cooperation (MIC) programme, and will seek to find ways to improve on relevant points in the new agreement.

The organisation (hereinafter KS)

All municipalities and county administrations have a right to be members of KS. Businesses that work within the public sector or in markets established by the public sector, can become members.

The MIC programme is being administered at headquarters by a small staff. The major part of the programme consists of a partnership between Norwegian municipalities and South partners, and is being conducted by municipal employees. Much of this is unpaid, voluntary work.

Norad's entire support to KS during 2007-2009 has been used to cover Norwegian municipalities' partnerships with municipalities in the South through the MIC programme, including administrative expenses at headquarters.

History of the MIC programme (including former collaboration with Norad)

The MIC programme was prepared from 1999, with pilots from 2000. During the period 2007-2009, KS has had a three-year agreement with Norad regarding the MIC programme. KS has had a separate agreement with the Norwegian Ministry of Foreign Affairs encompassing other partnerships, mainly in the Balkans.

Purpose/mandate

The recipient intends to contribute to an effective and independent local community sector that is responsive to the citizens' needs.

Legitimacy/public support

The recipient is a membership-based interest and employer organisation for Norwegian municipalities and regional authorities. KS' Unit for International Projects has broad competence in local administration development and in conditions in Norwegian partner

developing countries. The recipient acts as a facilitator for networks and experience sharing between the municipalities, and retains knowledge about the partner countries in the South enabling it to function as an adviser to the Norwegian municipalities in their development work. Under the new agreement, the recipient shall have a co-ordinating, advisory and quality assurance role, including quality assurance of plans and reports.

Geographic and thematic/sector focus

The MIC programme is a channel for strengthening good governance in local administration and municipal service delivery. The partnerships are based on co-operation between pairs of municipalities in the North and the South, which provides several corresponding frames of reference. Historical relations and personal contacts have contributed to the establishment of the partnerships. The programme encompasses partnerships with municipalities in Guatemala as well as in eight African countries: Kenya, Madagascar, Malawi, Namibia, South Africa, Tanzania, Uganda and Zambia.

Main activities

The agreement encompasses projects at a strategic level within local administration and municipal service delivery in four key focus areas: (a) good governance in local government; (b) integration of environmental aspects in local planning and management; (c) increased participation and representation of women; (d) increased financial transparency and accountability.

2. Purpose of the review

The review shall consider whether KS is able to deliver effective aid and achieve results in accordance with agreed goals, and in line with the guidelines for the grant scheme as well as with overall Norwegian goals and directions for its development assistance. It is the performance of the system for results delivery that is to be analysed, not the services themselves. An assessment of the partners' capacity may, however, be illustrated by results with end-user of the partners' services.

The review shall assess KS' thematic, organisational, administrative and financial preconditions for, together with its partners, achieving planned results in an efficient and rational manner.

Specific themes to be emphasised by the review

The review shall study Norwegian municipalities' ability to build and develop their partnerships in collaboration with their partners in the South, including the extent to which the systems (in the North and the South) are sufficient to ensure good projects including quality assurance. The municipalities shall focus on their own core areas, where it is expected that each municipality has special competence.

Follow-up

The review shall draw conclusions about the organisation's system for results delivery, and shall propose recommendations for follow-up in accordance with its mandate. These conclusions and recommendations will, in accordance with the above, constitute an important part of the basis for the formulation of any new, multi-year agreement with KS from 2010 onwards.

3. Scope

The review shall describe and analyse the preconditions for the organisation's ability to deliver results in accordance with agreed goals, based on – but not limited to – the following areas:

KS' purpose, mandate, development assistance strategy and relation with Norwegian development priorities, including:

Value basis;

Thematic and geographic focus areas, including relation to such cross-cutting concerns as gender equality, environment and human rights;

Work methods and added value

KS' organisational structure, including:

Organisational form/governing bodies/daily leadership;

Decision-making/internal communication;

Members/donors (Norwegian municipalities), members' roles;

Co-operation with other donors/actors (South municipalities);

Budget

KS' work with partners, including:

Strategy for partner selection (selection of participant municipalities in the North and South);

Division of roles and relations, form of agreement btw. KS and partners

Ownership in the South;

Transparency in all parts of the co-operation;

Competence and capacity-building in the South;

Experience-sharing (North-South; South-North; North-North; South-South);

Sustainability and exit strategies;

Networking

KS' administrative capacity including financial management, hereunder:

Planning competence and risk assessments/risk mitigation;

Systems for quality assurance and control;

Human resources;

Overview and transparency in financial management systems;

Systems to detect and warn about corruption and financial misconduct (internally as well as with partner);

Overview/monitoring of cash flows

KS' thematic competence and knowledge management, including systems for managing:

Thematic, geographic and organisational knowledge

KS' resource use in relation to activities and results (cost efficiency), including:

Relation between salaries/fixed expenses and operational costs;

Budget distribution on activities/partners in the South and in the North

KS' administration of results:

Systems for monitoring of results/relevance for end user (incl. indicators and use of sources);

System for results assessment and reporting

System for learning and initiating change (including in relation to risk management)

4. Co-ordination with other actors

Ability and willingness to co-ordinate with other actors at country level;
Ability and willingness to ensure efficient collaboration with other actors;
Relation with national/local authorities;
Relation with KS' sister organisation at country level, as appropriate

5. Method

The review will utilise the following methods and sources of information:

Document studies with emphasis on policy documents, strategies and guidelines, as well as agreements, plans, reports, reviews and evaluations relevant to the programme.

Interviews with KS' management and staff, selected partner municipalities in Norway and Malawi; possibly with members of Norad; others.

Field visit to Malawi during April-May 2009 including interviews with partners and relevant authorities as well as (possibly) peers/others of relevance. De-briefing with KS (at headquarters) and (3-4) selected invited municipalities after the field visit.

Composition of the team

One external consultant (team leader (tbc)); one civil society adviser from Norad;
One local consultant in Malawi (one-two weeks).

<u>Date</u>	<u>Task</u>
Planning (KS provides all necessary documentation)	Week 17
Document studies, interviews, planning field visit, inception report	Weeks 18 and 19
Field visit	Week 20
De-briefing with KS and selected municipalities	Week 21
Report writing	Weeks 20, 21 and 23
Draft final report to Norad and KS	5 June (week 23)
Comments from KS and Norad	15 June (week 25)
Adjustments based on the comments	Week 25
Presentation of main findings to KS and municipalities in MIC	18 June (week 25)
Final text submitted at latest:	19 June (week 25)

6. Reporting

Norad will arrange a start-up meeting with the team for clarifying any questions related to the Terms of Reference.

After completion of the document studies, data collection, and interviews in Norway, the team will deliver a short inception report (ca. 6-8 pages) providing a brief overview of current findings as well as a plan and key focus points for the field visit.

Draft final report shall be sent to Norad and KS for comments by 5 June 2009 (ca. three weeks after the end of the field visit). Final report to be sent to Norad, electronically as well as in 20 paper copies, by 19 June, or one week after receipt of the comments.

The report shall be written in English and should be ca. 20 pages long. A summary with conclusions and recommendations should be provided at the beginning of the report, and should be no longer than three pages long.

The report shall be presented by the team leader (or the team) to interested parties in Norway, including KS and selected municipalities.

7. Budget:

The total budget including 25% VAT, plus travel costs and diem should not exceed NOK 300.000.

Norad

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